FOREIGN AFFAIRS

NOVEMBER/DECEMBER 1993

The Truth about NAFTA

PAUL KRUGMAN • WILLIAM A. ORME, JR.

The Pacific Century?

China's Rise
NICHOLAS D. KRISTOF

Asia's Identity
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Nelson Mandela on South Africa
Conor Cruise O'Brien on Nationalism
Felix G. Rohatyn on American Decline
Samuel P. Huntington on his Critics

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FOREIGN AFFAIRS

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The articles in Foreign Affairs *do not represent any consensus of beliefs. We do not expect that readers will sympathize with all the sentiments they find here, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* Foreign Affairs *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. We do not accept responsibility for the views expressed in any article, signed or unsigned, that appears in these pages. What we do accept is the responsibility for giving them a chance to appear.*

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Editor's Note

What a Bear Needs, Besides Boris

BUYING TIME FOR DEMOCRACY

The most important challenge facing President Boris Yeltsin is swift completion of a constitutional architecture for democracy in Russia. Violent victory over the obstructionist parliament made possible a historic opportunity. But were Yeltsin to fail, through intent or absence of will or from circumstances beyond his control, the grim options are authoritarianism, disintegration or civil war.

Raising up the sturdy pillars of democracy is of prime importance because fixing Russia's economy requires sustained fortitude and sacrifice. Squeezing such support from Russia's apathetic and disillusioned people will come from engaging them not coercing them. After last month's climactic battle broke the stalemate between president and parliament, public opinion surveys picked up many moods—relief that the fighting was over, dismay at the carnage and cynicism that it was just a contest between the old corrupt nomenklatura and the new mafia business class. Still, the Russian public was more willing to risk a future with Yeltsin than a return to the past with Rutskoi and Khasbulatov.

Transforming the public's desultory acquiesence into constructive engagement calls for more than the appearance of democracy and constitutionalism. It will take the real thing—a clear separation of powers between a popularly elected president and parliament and an independent judiciary, all operating under the rule of law. Yeltsin's overly detailed constitutional proposal provides for these things as well as for civil rights and private property. But for a nation that has seen high-sounding constitutions honored only in the breach, there is some proving to be done. It starts with elections that allow participation from across the political spectrum and with access to the media. Despite his professed democratic intentions, Yeltsin has kept a tight, self-interested rein on the media, and it has not gone unnoticed or uncriticized by the populace.

SPREADING THE WEALTH AROUND

For democratization to proceed, Yeltsin must stop the disintegration of the Russian Federal Republic. With his hand strengthened, he has fired several disloyal regional bosses and pressured communist-dominated local parliaments to disband and hold elections. But incentives must accompany pressures. At issue are wealth and power—the divvying up of tax revenues, the enactment of laws and the making of economic deals. Clearly the vast and diverse landmass that constitutes the Russian Federation will require

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levels of local autonomy and shared authority not yet institutionalized.

Yeltsin must walk a tightrope in applying pressures and profferring incentives to obtain a workable federalism from entrenched old guards. He dare not create political standoffs in the regions that might split military and security forces. For some commanders, a sense of their independence expands with distance from the capital. Several have openly supported regional political leaders seeking more autonomy if not independence. More than once, however, defense officials in Moscow have warned that they will act to preserve the Russian state. The sorely depleted armed forces might fail but not without a calamitous struggle.

At a minimum, the military leaders will expect their support of Yeltsin to yield better pay, improved working conditions and funds for modernization. It remains to be seen how much their influence will toughen Russia's foreign policy toward the West and the rest of the world. Already, Yeltsin has rescinded his blessing for Poland to join NATO and strengthened his espousal of a policeman's role in the states along Russia's troubled southern border.

A freshly elected central parliament will likewise not be a rubber stamp for Yeltsin. The proposed two-chamber body, while including more pro-Yeltsin reformers than the old parliament, will likely be dominated by coalitions of regional leaders, industrial bosses and go-slow centrists. Their focus may favor preservation of Russia's territorial integrity and overseas interests over fast-paced, radical economic programs. Privatization and industrial reform will remain controversial issues subject to compromises and, despite the flurry of presidential decrees, the objects of entrapment in local legislative bottlenecks. All the while, Yeltsin will be facing continued high inflation and pressure from global lenders to do something about it.

Western leaders provided Yeltsin with needed support during the October crisis, but always with the caveat that he offered the best hope of continued reform. That conditional support remains the posture to be publicly struck. But private reassessments are in order of the kind and degree of Western commitments. Some in the West counsel acceptance of Russia being economically marginalized for many years. Others, sensing renewed Russian nationalism, push for phasing East European countries into Western security and economic organizations, despite Yeltsin's objections. As the remaining superpower, U.S. actions and intentions will be the most plumbed by others for direction, starting with the NATO summit in January.

Yeltsin's challenges, carrying with them the need for tough decisions and the opportunities for glaring mistakes, would take their toll on any leader. Weaknesses as well as strengths get magnified. Yeltsin's active-passive rythms, impulsiveness and careless administration have dismayed key supporters as well as opponents. If he avoids the temptation of dictatorship, Yeltsin's honorable role may be transitional—as the one who forged a constitutional structure sturdy enough to sustain the arduous task of governing without him toward a better day.

James F. Hoge Jr.
Editor

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Comments

THE BETTMANN ARCHIVE

Hawley and Smoot, protectionist pioneers.

"Not since the Smoot-Hawley tariff has trade legislation caused such a bitter polarization of opinion."

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Myths versus Facts

The Whole Truth about the Half-Truths

William A. Orme, Jr.

The NAFTA debate is no longer about the agreement itself, or about Mexico, but about competing domestic political agendas and irreconcilable world views. Appeals are made not to economic interest but to nationalistic fears. On one side, there are scare-mongering claims about Mexican instability; on the other, crude appeals to the most xenophobic strains of American populism. Critics exaggerate the risks of more rapid economic integration while minimizing its rewards; advocates, no more responsibly, do just the opposite. On both sides, the agreement's true purpose—and its likely effects—have been distorted and obscured.

What the North American Free Trade Agreement actually does, in a dense thicket of lawyerly prose, ridden with caveats and codicils, is to set the ground rules by which cross-border trade would be liberalized. Within ten years nearly all restrictions on manufacturing trade and most cross-border investment constraints would be removed. After 15 years the last tariffs and quotas on agricultural goods would disappear.

In concept, then, NAFTA is both simple and—from an American standpoint—seemingly unobjectionable. Mexico agrees to do almost everything of an economic nature that the United States ever wanted it to do—lift import barriers, stabilize its currency, scale back state industry, deregulate private business and allow more extensive foreign investment. In return it gets reciprocal access to the American market, plus the steady influx of outside capital that the imprimatur of a trade treaty with

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Washington would virtually guarantee.

One of the first myths about NAFTA is that the money that the treaty would "add" to Mexico would be "subtracted" from the American economy. Actually, that would rarely be the case, for the simple reason that little of this money would otherwise be invested in the United States. Yet much of the political opposition to NAFTA stems from just this sort of distorted, fixed-pie picture of how the economy works. If jobs are being created by American employers in Mexico, the logic goes, then they must be jobs that have been taken from Americans in Detroit, Cleveland or Minneapolis. If Mexico raises its standard of living, then it must be because the United States has grown poorer.

Little orthodoxies of this sort litter the NAFTA debate. And in the hands of political barn-burners like Ross Perot, they have made it extremely difficult for ordinary Americans to sort through the conflicting claims and counterclaims and make up their own minds about what NAFTA might mean for America's future. Through the efforts of NAFTA opponents, millions of Americans have been persuaded that a prosperous Mexico would be a direct threat to their jobs and incomes.

This is simply wrong: NAFTA would make Mexican manufacturing an integral part of North American industry, not a rapacious competitor. It is a blueprint for the more efficient reordering of industrial production on a continental scale. Granted, that task requires some initial pain and disruption—mostly in Mexico, but also in vulnerable regions and industries north of the border. But most of this dislocation is inevitable in response to global economic competition and change.

In truth, the United States has little to fear and much to gain from Mexico industrializing in an intelligent fashion. NAFTA would speed that process. This does not mean that NAFTA's advocates are right and its opponents wrong. Quite the contrary, many of the claims made on NAFTA's behalf are plainly wrong, and many of the criticisms made by NAFTA opponents are both fair and deserving of some public response. But to see why, it's necessary to strip away the myths and half-truths that now clutter the NAFTA debate.

NAFTA'S NEVER-NEVER LAND

Separating the facts about NAFTA from the fables of its enemies and friends is a first step toward a rational discussion of the NAFTA plan. Herewith, a brief tour through some of the most common NAFTA myths and misconceptions.

NAFTA would create the world's biggest and richest market—a $6 trillion market of 360 million consumers.

Journalists, NAFTA advocates and even presidents have uncritically recited this U.S. Trade Representative mantra. But NAFTA wouldn't create a $6 trillion market. That already happened in 1990: the United States ($5.4 trillion in gross domestic product) plus Canada ($600 billion). More careful NAFTA boosters tout a $6.2 trillion market, but avoid noting that Mexico is the "point two." (Mexico's GDP has since grown past $300 billion, making it equal to an Ohio, or half a Canada.) NAFTA, then, would make the North American giant taller overnight, but by just a few inches.

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Negotiated and championed by a Republican White House, NAFTA reflects a clear ideological preference for market forces over industrial policy, for free trade over managed trade. This puts NAFTA at philosophical odds with the more interventionist, fair-trade-oriented Clinton administration.

This common formulation has it exactly backwards: if you like industrial policy, you should love NAFTA.

NAFTA unabashedly picks winners and losers—but on a generally rational basis, with more competitive, high-wage industries favored over businesses dependent on subsidies or cheap labor. U.S. negotiators agreed to phase out protection for the labor-intensive apparel business, for example, but insisted on rules forcing Mexican garment-makers to buy their fabric from the capital-intensive American textile industry. NAFTA would let Mexico dominate much of the low-end glassware market in North America, but technologically advanced glass products throughout the continent would be supplied largely by the United States.

Even within highly specific import categories, such as steel pipe or cut flowers, some products would be immediately subjected to the full competitive force of duty-free trade, while others would be weaned from protection more gradually, with phase-in periods of five or ten years. True, all of NAFTA's provisions are ultimately transitional: after 15 years for sensitive farm products and ten years for almost everything else, trade and investment would be largely barrier-free. But the terms of the transition could determine which industries would survive when North America's last trade barriers come down.

NAFTA's big impact would be in manufacturing, the marrow and bone of the North American economy; after that, its effects would be felt most strongly in the farm belt.

That's the erroneous impression one gets from the NAFTA debate. But the real action after NAFTA would take place in the service sector, which is more important to all three economies than manufacturing and agriculture combined. In Mexico, services account for 60 percent of GDP, and include the industries most closed to American trade and investment. By contrast, in the 23 percent of the Mexican economy that is in manufacturing, American companies are not only present but dominant. And for farmers, the United States is already overwhelmingly Mexico's biggest market, and Mexico is typically the second or third biggest buyer of American agricultural exports.

Disdain for the service sector as semi-skilled burger-flipping ignores its crucial role as a high-tech, high-wage American export earner. Mexican service industries which NAFTA would open to American companies include banking, communications, transportation, insurance, publishing, beachfront tourism, film distribution, retailing, educational training, civil engineering, software design, natural gas and electric power distribution, and scores of other highly competitive and lucrative businesses. This opening comes variously from NAFTA's removal of equity limits, patent and copyright rules, government procurement reforms and investment guarantees.

The impact would be immediate. One service business that would benefit dramatically from NAFTA is construction.

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Mexico's infrastructure—ports, railroads, phone lines, power plants—lags behind not only American norms but such developing nations as Chile, Malaysia and Turkey. Getting it in shape would be a bonanza for the Bechtels and the Brown & Roots of this world: estimates of public works projects planned for the next five years exceed $100 billion. In the world market, American companies have a tough time competing for giant turnkey engineering contracts. But NAFTA would give American firms an inside track in Mexico, from bidding rights to financing to the barrier-free importation of material and personnel.

Free trade would spur a massive relocation of American factory jobs to Mexico.

This is the "big sucking sound from the south" that so unnerves Ross Perot. But what Perot hears isn't jobs moving south: it's Mexico vacuuming up all the American products it can buy. Exports to Mexico quadrupled over four years to $40 billion in 1992, giving the United States a $7 billion surplus. NAFTA would open Mexico's import doors even wider. Manufacturers want NAFTA not to secure production relocation opportunities, which they already had, but to open a long-closed market to their American factories.

Claims of massive job migration are based on gross exaggerations of the role of labor and environmental regulations in production costs—and gross underestimates of the costs of building new factories in a foreign country. Union-sponsored research has been able to document just 96,000 jobs that have been moved to Mexico over the past 15 years. That may sound like a lot, but it's less than the average monthly fluctuation in the size of the American work force. More to the point, if they hadn't been shifted to Mexico, most of these jobs would have been lost anyway to increases in productivity and competition, or would have migrated to even cheaper labor zones like China.

NAFTA won't lure any American employers across the border. If they are going to move south, they'll move with or without a free trade agreement.

The standard rebuttal of the Perot thesis also has it wrong. NAFTA is meant to make Mexico more appealing to American investors—giving them permanent rights to full control of Mexican subsidiaries and protecting them against any future reversal of Mexican investment rules. NAFTA's dispute resolution panels would in effect extend U.S. legal protections to American businesses on Mexican soil.

Under NAFTA, Mexico would be a better place to do business—with lower financial costs, an improved infrastructure, a larger pool of trained bilingual personnel. For outside investors, there would also be an intangible comfort factor in knowing that Mexico was somehow legally linked to the United States. In short, NAFTA removes many of the obstacles, perceived or real, that have kept hundreds of companies from ever considering expansion into Mexico. That's exactly what Mexico wants NAFTA to do.

With NAFTA, as critics rightly contend, many growing companies would routinely consider Mexican sites for new investments—investments which might

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have otherwise stayed in the United States. But these are not the giant manufacturing conglomerates like GE and the Big Three automakers, which have been there for decades, which could defend their interests even without a free trade pact, and which are in any event contracting, not expanding, their North American operations. The real impact, both economic and psychological, would be on smaller, labor-intensive manufacturers with little international experience.

Despite the claims of Perot and other NAFTA-bashers, these companies seldom offer the kind of high-skill, high-wage jobs that the United States needs to prosper and compete in the 21st century. And because their competition primarily comes from low-wage foreign producers, American wage scales will be increasingly hard to sustain. Even without NAFTA, many of these firms will be drawn south by the need to reduce labor costs and the prospect of sales within Mexico.

Under NAFTA, North American car production would shift to Mexico, which would become an Asian-style exporter.

Wrong again. NAFTA's immediate effect on the auto industry would be a flood of imports—from the United States into Mexico. Current rules allow car makers to import only half as much in dollar terms as they export. After NAFTA, they would immediately be able to import 20 percent more than they export: that's equivalent to about 400,000 vehicles yearly. The import ceiling would rise gradually to 55 percent above exports over ten years, and then would be removed entirely.

What does this mean? Direct yearly exports of at least 100,000 American-made cars almost immediately, compared with zero a few years ago. Mexico is by far the fastest-growing auto market in North America: sales tripled in just five years to 750,000 vehicles in 1992 and could pass the million mark by 1995. NAFTA would give American car makers and their underused American plants an inside track: for years to come, the growth of the Mexican market would outpace the expansion of the Big Three's Mexican operations. That means job gains, not job losses, for American auto workers.

NAFTA is going to turn Mexico into one big maquiladora, with dollar-an-hour assembly plants from Chihuahua to Chiapas ravaging the environment and destroying American manufacturing jobs.

Critics can hardly be blamed for seeing NAFTA as an expansion of the maquiladora concept into the rest of Mexico. Many NAFTA advocates have defended maquiladoras on the same basic grounds as NAFTA: American industry needs labor-intensive production options, and better to have the jobs go to Mexicans than to distant Asians controlled by Tokyo. Few NAFTA supporters have been critical of the classic maquiladora's failure to pay taxes, train workers, or raise wages above the legal minimum.

Yet NAFTA would number the days of the maquiladoras—both legally (in-bond assembly plants have no place in a free trade zone) and economically (wage rates would rise and factories would become more capital-intensive). With NAFTA, plants that depend solely on minimum-wage labor would be forced to move to cheaper areas in southern

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Mexico (and even further south, to Central America and Hispaniola). Without NAFTA, Mexico would continue to be forced to attract industry with low wages and lax pollution controls. If you want to strike a blow against the maquiladoras, NAFTA is your club.

Still, with or without maquiladoras, dollar-an-hour Mexicans would be taking jobs from American workers. No manufacturer can resist that 10-to-1 or 20-to-1 wage differential.

Some would. Granted, wages are still about a dollar an hour in many border assembly plants and in the poorer districts of the rural south, such as the state of Yucatan (whose relentless advertising of its dollar-an-hour work force has been a public relations windfall for NAFTA's American opponents).

But such wage scales are atypical. Mexico's median manufacturing wage, including mandatory benefits, is now approaching three dollars an hour, twice what it was five years ago. For the developed Mexican industrial states hoping to lure foreign manufacturing investors, the most direct competitors are the states of the nonunionized American South, where median wage rates in equivalent jobs average about $12 an hour. A 4-to-1 gap is still a lot, but it isn't 10-to-1. And the gap is steadily shrinking: at current rates it will soon close to the point where American productivity advantages would offset most savings from lower Mexican wages.

The balance of cross-border trade over the next 10 to 20 years would ultimately determine whether NAFTA was good for the United States.

Pro-NAFTA economists point to the swelling bilateral surplus as proof that free trade with Mexico is good news. Opponents say it's a transitional aberration: Mexico is importing equipment to produce exports, they say, and once its new factories are in place, cheap Asian-style products will flood the American market, driving the trade balance back into deficit.

Who's right? It doesn't really matter: trade surpluses aren't inherently virtuous, and deficits aren't always a problem. In the case of the United States and Mexico, manufacturing trade has always favored the United States and should continue to do so as long as Mexico remains a developing nation. If the overall bilateral balance goes a few billion dollars into deficit, so what? Countries can't maintain surpluses with every trading partner at once. Nearly half of our imports from Mexico are goods like oil and coffee that we would otherwise buy somewhere else. If Mexico enjoys a surplus in the future because it is also exporting manufactured goods to America that we used to buy in East Asia, that's a positive development for the American economy: money paid for Mexican products would be recycled back as spending on American products, which wouldn't be the case with trade dollars sent to Asia.

For example, between 1987 and 1990 exports from the United States to Mexico more than doubled. Exports from Mexico to the United States grew even faster, giving Mexico a $2 billion surplus in this $60 billion exchange. In 1991 American exports grew more quickly than Mexico's, giving the United States

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a $2 billion surplus in this now $65 billion two-way trade. Does this mean that in 1990, trade with Mexico was destroying American jobs, while in 1991 it suddenly began creating American jobs? Foolish on its face, that is exactly the logic employed by those who warn against a bilateral trade deficit 10 or 20 years from now, as well as by the NAFTA proponents who erroneously equate our current surplus with net job creation.

NAFTA would open the gate to the Trojan horse from Tokyo: Japan would soon be busily building plants in Mexico, their new duty-free "back door" into the American market.

To begin with, Japan doesn't have much trouble getting into the American market through the front door. Second, Japanese investment in Mexico would be a net gain for the United States. Yet Japanese companies have never been that interested in Mexico: despite President Carlos Salinas de Gortari's zealous courtship, Japan contributes less than five percent of Mexico's foreign investment. NAFTA wouldn't necessarily make Japan more interested. To comply with NAFTA's North American content rules, the Japanese would need to do exactly what Washington used to urge (futilely): invest their trade-surplus dollars in a poor country which also happens to be a loyal American customer. Washington is signaling Tokyo that it considers Mexico its own economic turf and wouldn't welcome an aggressive Japanese presence. NAFTA may in the long run lure Japanese investment to North America—not to Mexico but to the United States, where transplant shops give Japanese invaluable local political clout. For all these reasons, it's quite unlikely that NAFTA would lure the *keiretsu* south of the Rio Grande.

Environmentalists oppose NAFTA because they fear that American companies would cross the border to avoid U.S. antipollution rules, fouling the Mexican environment while weakening the consensus for environmental enforcement at home.

In fact, most environmentalists don't oppose NAFTA. After they forced negotiators to put environmental concerns on the NAFTA agenda, they began to see that NAFTA would focus resources on border and internal Mexican environmental problems in an unexpectedly effective way. NAFTA would bring Mexico into the broader North American consumer economy, where environmentalists have enormous influence. NAFTA-driven economic integration has already given Mexico's fledgling environmental movement real political leverage for the first time.

Most mainstream conservation groups backed NAFTA formally, though with caveats. The more militant organizations—Greenpeace, Friends of the Earth, even the Sierra Club—remain unsatisfied. But their opposition has proved constructive: because of pressure from critics, NAFTA is the first international trade agreement that addresses the environmental consequences of trade between developed and newly industrializing economies.

NAFTA is good for the United States because it would stop Mexican immigration: as President Salinas says, it would let Mexico "export jobs, not people."

This assumes that Mexican immigra-

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tion is an economic problem for the United States, which it is not, and that immigration flows come more from the push factor of Mexican unemployment than from the pull of American demand, which is also untrue.

Serious students of Mexican demography don't expect NAFTA to have any noticeable effect on Mexican immigration over the next five to ten years. The cross-border networks that connect jobs and workers are so numerous and embedded in the fabric of both economies that the marginal effects of NAFTA would be impossible to discern. Far more important would be the overall economic performance of the United States and, to a lesser extent, the results of any change in U.S. immigration laws.

But in the long run Salinas is right. To the extent that NAFTA promotes industrialization and urbanization, it would accelerate the decline of Mexico's birth rate. It would also further narrow the gap between U.S. and Mexican wage rates, reducing the incentive to immigrate. Higher Mexican wages could also force increased mechanization in California agriculture, which remains the biggest single importer of cheap Mexican labor.

Still, many people think that in the short run NAFTA would actually *increase* Mexican immigration. They point to the agricultural reforms that are expected to push one million or more Mexicans off the land in the next five or ten years. NAFTA does strip away price supports and other subsidies for traditional corn-and-beans farmers, but Mexico would be taking these steps even without NAFTA. And NAFTA would soften the blow in two critical ways. First, by trading American access to the Mexican grain market for Mexican access to the American horticultural market, NAFTA would make it easier to substitute viable export crops for inefficient subtropical cornfields. Second, by expediting the flow of foreign capital into provincial Mexico, in both agricultural investment (once forbidden) and light industry (now rapidly expanding), NAFTA would create alternative local employment opportunities that would not have otherwise existed.

NAFTA would strike a blow for democracy: the Salinas gang of Harvard-trained reformers represent the forces of openness battling against an ossified authoritarianism. Once they consolidate economic reform, democratization is sure to accelerate.

President Salinas is opening up Mexico's system only where it is unavoidable or in the best interests of the ruling Institutional Revolutionary Party (PRI). He has fired every arrow in his authoritarian quiver: controlling the press; pork-barreling election spending; co-opting the independent right and harassing opponents on the left; supervising vote counts; and intending to name his own successor. That doesn't mean that NAFTA wouldn't ultimately be a democratizing force. But democratic progress in Mexico will depend less on external economics than on insistent forces within Mexico itself.

In the short term, America's preference for multiparty pluralism in Mexico inevitably conflicts with the need for economic growth. NAFTA's ratification would virtually guarantee the PRI presidential candidate's election in 1994. Conversely, if NAFTA were rejected and the economy went into a tailspin, the opposition might

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again pull within striking distance, as it did in 1988. While depriving Mexico of needed investment might induce a democratic revolt, it would also probably push the PRI back to old-line authoritarianism. That, in turn, would decrease American exports and increase Mexican emigration. A collapsing Mexican economy is in no one's best interest.

NAFTA may be a fine idea, but it would punch a $40 billion hole in the federal budget. We simply can't afford it.

That $40 billion price tag is not the cost of NAFTA, but an expansive estimate of the cost of buying the votes needed to secure its ratification. Nearly half of it would go for public works improvements in border zones from San Diego to East Texas: bridges, roadways, sewage systems, new customs crossings and the like. Partly this is a standard public works wish list. But much of it is long overdue because of the growth of trade and border industry over the past ten years, along with the continuing population shift to the Sunbelt. It is quite true that the increased trade generated by NAFTA would put added strain on local infrastructure. But that's true of increased economic activity anywhere: it's perverse to oppose growth simply because it has associated infrastructure costs.

Another big-ticket item—about $10 billion—is the overdue cleanup of toxic waste dumps and waterways along the border. This is needed, but again not because of NAFTA. In fact, NAFTA would help prevent such abuses by improving regulatory oversight and discouraging further industrial concentration in the border zone. Money for worker retraining, which the Clinton administration wants to triple to $1.6 billion in 1994, is another expenditure. But these funds would give aid to nearly one million workers left unemployed by defense conversion and foreign competition, mainly from Asia. Only a fraction of it can fairly be considered a cost of NAFTA.

That leaves the $600 million or so a year that Washington would no longer collect in tariffs under a free-trade regime. This would be NAFTA's only major direct budget cost. Yet tariffs are not intended as a revenue source (at least not in the twentieth century), but as an import penalty. Tax revenues from new business and rising incomes would more than offset losses from canceled tariff collections. Mexico understands this, even though it would give up three times as much tariff revenue as the United States in absolute terms, and more than 30 times as much in terms of budget impact.

Still, we should be careful. As Perot says, "Measure twice, cut once." Let's follow his advice and implement free trade only partially and provisionally, before it's too late to turn back.

Either we have a free trade agreement or we don't. NAFTA's comprehensive nature—encompassing a broad range of industries in three large economies—is what makes it work. It can't be introduced piecemeal, sectorially or geographically.

Yet nothing is forever. If the warnings of NAFTA critics ever came to pass—falling wages and massive manufacturing unemployment north of the border, brutal environmental degradation and labor repression south of the border—the United States could (and would) with-

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draw. All that's required is six months' notice. Mexico and Canada are so dependent on American capital and markets that an abrupt withdrawal would be unthinkably painful. In the United States it would barely be noticed. Congress' ability to quit NAFTA at any point puts industry on notice that the promises of NAFTA supporters must be fulfilled.

Mexico doesn't need NAFTA. If the agreement is defeated or postponed, Mexico would continue to enact economic reforms unilaterally. Since NAFTA's importance is more psychological than economic, it would be better to avoid the risks of rejection and let Mexico liberalize on its own.

This is the most pernicious NAFTA myth of all. Curiously, it's been promoted by both Mexico's government, which is now nervously seeking to downplay its dependence on the agreement's success, and by NAFTA's American opponents, who argue that Mexican officials would continue to liberalize the Mexican economy even if denied preferential access to the American market. On both sides, these arguments are disingenuous.

There are clear limits to what Mexico can accomplish unilaterally. Otherwise, Salinas would never have risked negotiating a trade pact with Washington. By itself, Mexico could never allay fears that its present policies might be reversed by some future government. Nor could Mexico alone attract the steady stream of investment that would be lured by a trade treaty with the United States—even with enactment of its planned new foreign investment law, which is designed to replace its restrictive 1973 statute and to extend much of NAFTA's liberal investment regime to investors from outside North America

NAFTA would do more than lock in Salinas' economic reforms. It would guarantee that Mexico gets the capital and market access it needs to survive painful economic adjustments and develop skill-intensive industrial jobs. Without NAFTA this restructuring process would be much harder, and growth would be much slower. Imports from the north would be stifled not by tariffs but by contracting demand. The Mexico that American workers fear and deplore—the Mexico of $5-a-day assembly lines, of lax environmental and labor standards, of rigged bidding for state contracts—would reappear with a vengeance if capital inflows fell short of expectations and there were no NAFTA safeguards against such abuses. Mexico would lose. But in some ways, the United States would lose even more.

HELPING MEXICO HELP THE U.S.

NAFTA implies change, and real change is always unnerving. It is true that NAFTA would cause some lost jobs. It is also fair to view the costs and benefits of economic growth with some skepticism. But in NAFTA's case, the benefits would dramatically outweigh the costs. If anything, the pact is skewed in America's favor. Official estimates that NAFTA could lead to as many as 500,000 lost jobs sound scary—until one realizes that these jobs would be lost not at once but over the course of a decade, and that most of them will disappear anyway because of productivity enhancements or import competition from other low-wage countries. Meanwhile, some 20 million new American

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jobs will be created over the next ten years—at least one million of which would support the expanding market in Mexico that NAFTA would help create.

The real problem with NAFTA is that it doesn't offer instant gratification. Over the next few years, the pain of change would be more visible than the compensating gains. The factory shutdowns and other dislocations that NAFTA might accelerate would have almost no measurable effect on the economy as a whole. But in affected communities the impact would be traumatic. Nonetheless, most of these jobs would eventually be lost with or without NAFTA. America's need to help its people make the transition to a new, higher-skill economy is every bit as great as the need of business to gain access to foreign markets. The NAFTA debate has usefully focused attention on this fact.

The benefits accruing to the United States would be largely a by-product of Mexican prosperity and would not be felt strongly for 20 to 30 years. In the meantime, there are all those problems in Mexico that NAFTA's critics rightly point out—unchecked pollution, lax environmental enforcement, poor labor conditions and undemocratic political processes. Nevertheless, in virtually every particular, Mexico's problems would get worse if NAFTA were defeated and would be easier to mend if NAFTA is passed. Over time, in almost every instance, what's good for Mexico would also be good for the United States.

Yet NAFTA's most prominent opponents continue to put forth their view of a world where naive Washington negotiators are perpetually outwitted by wily foreign opponents, where core American industries like steel and cars can survive only through subsidy and protective tariffs, where the United States can brake its slide to inevitable economic decline only by shutting its borders to goods and immigrants and by disengaging from foreign economic alliances. This is a crabbed, distorted picture of a nation that is still, despite its problems, the biggest, most varied and most creatively dynamic economy in the world. It is a view that overlooks the reality of American automakers regaining market share with better and cheaper cars, of high-tech American steel mills exporting to eager customers in Mexico and beyond, of the continuing American entrepreneurial domination of the computer science, biotechnology and communications industries that will shape the global economy of the 21st century. There is a reason why a country like Mexico wants to forge an economic union with the United States. For America to turn Mexico down would be to acknowledge that it had lost faith in its own future.

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The Uncomfortable Truth about NAFTA

It's Foreign Policy, Stupid

Paul Krugman

The debate over the proposed North American Free Trade Agreement has taken on an astonishing salience in American politics. Not since the Smoot-Hawley tariff has trade legislation produced such a bitter polarization of opinion.

The intensity of this debate cannot be understood in terms of the real content or likely consequences of the agreement, nor is the debate's outcome likely to turn on any serious examination of the evidence. It is as hopeless to try to argue with many of NAFTA's opponents as it would have been to try to convince William Jennings Bryan's followers that free silver was not the answer to farmers' problems.

Indeed, the parallel is quite close. The populism of the 1890s represented a desperate attempt to defend agricultural America against deep economic forces that were changing it into an industrial nation. The choice of a monetary standard had very little to do with the real problems of the farm sector; a burst of inflation might have given some highly indebted farmers a brief respite, but it would have done nothing to reverse or even materially slow the industrializing trend.

Nonetheless, the opposition between free silver and the gold standard was an easily understood symbol—"you shall not crucify this country on a cross of gold" was the nineteenth-century equivalent of a sound bite. And so the almost irrelevant demand for free silver became the core of the populist agenda.

Similarly, the hard-core opposition to NAFTA is rooted in a modern populism

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that desperately wants to defend industrial America against the forces that are transforming us into a service economy. International trade in general, and trade with Mexico in particular, have very little to do with those forces; clinging to the four percent average tariff the United States currently levies on imports of manufactures from Mexico might save a few low-wage industrial jobs for a little while, but it would do almost nothing to stop or even slow the long-run trends that are the real concern of NAFTA's opponents.

It is an unfortunate fact of politics, however, that bad arguments tend to drive out good. With NAFTA's opponents resorting to simplistic but politically effective rhetoric, the agreement's supporters have responded in kind if not in degree. In the glowing picture now presented by NAFTA advocates inside and outside the administration, the agreement will create hundreds of thousands of high-paying jobs, do wonders for U.S. competitiveness, and assure the prosperity of North America as a whole. This picture is not as grossly false as that painted by NAFTA's opponents, but it does considerably glamorize the reality.

The truth about NAFTA may be summarized in five propositions:

- NAFTA will have no effect on the number of jobs in the United States;
- NAFTA will not hurt and may help the environment;
- NAFTA will, however, produce only a small gain in overall U.S. real income;
- NAFTA will also probably lead to a slight fall in the real wages of unskilled U.S. workers;
- For the United States, NAFTA is essentially a foreign-policy rather than an economic issue.

NAFTA AND JOBS

There has been an extensive debate over the prospective job impacts of NAFTA. Some opponents claim that the inflow of imports from, and the outflow of capital to, Mexico will eliminate hundreds of thousands of American jobs. Many supporters, on the other hand, claim that a booming post-NAFTA Mexico will provide a market for sharply increased U.S. exports, adding hundreds of thousands of jobs.[1]

Neither claim is right, nor does the truth lie somewhere in between. Rather, the whole idea of counting jobs gained and lost through trade represents a misunderstanding of the way the U.S. economy works. In particular, it overlooks the fact that other economic policies, especially monetary policy, will almost surely neutralize any potential impact of NAFTA on jobs.

This point seems to be extraordinarily hard to convey to even the sophisticated public. Everyone who thinks about it realizes that the economy is a complex system in which everything affects everything else. Yet people quickly become impatient with the suggestion that one can't understand the likely effects of a change in trade policy without taking into account the probable response of monetary policy-

[1] A good summary of the arguments and counterarguments is provided in Gary Hufbauer and Jeffrey Schott, *NAFTA: An Assessment,* Washington, D.C.: Institute for International Economics, 1993.

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makers. Unfortunately, you can't.

Think of the U.S. economy over the next decade as an automobile driving from Boston to New York. Let the average speed of that automobile over the route represent the average level of employment over that decade. And let the dispute over the direct employment effects of NAFTA be represented as an argument over whether there will be a head wind or a tail wind as the car makes its way along the interstate. Then assessing NAFTA's overall job impact is like predicting how the extra wind will affect the car's speed. Job-counting exercises do this by assuming that nothing else changes—in effect, they assume that the engine in our car will receive exactly the same flow of gas that it would have been given in the absence of any wind.

Nobody would think that this was a sensible procedure for predicting automobile speed. After all, cars have drivers, and drivers are not passive—they adjust the flow of gas to achieve a desired speed. I tend to drive interstates at about 63 miles per hour—above the speed limit because I'm always in a hurry, not too far above because I would prefer that the police chase someone else. A five-mile-per-hour head wind or tail wind will not change that average speed; I will simply offset the wind by changing the pressure on my gas pedal.

The U.S. economy also has a driver: the Federal Reserve. Every six weeks or so the Federal Reserve's Open Market Committee meets to decide on a target range for U.S. interest rates. That choice has a far more powerful impact on the unemployment rate than any trade policy. Moreover, it is a choice that responds to economic conditions; the decision to raise or lower interest rates represents a trade-off between the Fed's desire to raise employment (drive somewhere) and its fear of inflation (a speeding ticket). The Fed often miscalculates and ends up with more inflation or less employment than it wanted, but right or wrong the Fed's actions are the most powerful determinants of job growth in America.

Suppose that NAFTA really does lead to a rise in U.S. imports from Mexico, one that would, other things being the same, reduce U.S. employment by 500,000 over the next ten years. Will other things actually be the same? Of course not. The Fed, faced with the prospect of a weaker economy, will set interest rates lower than it otherwise would have. Conversely, other things being equal, if NAFTA would add half a million jobs, interest rates would be higher. The Fed will, without doubt, miss the target—but it is as likely to overshoot as to undershoot, and over the course of a decade there is no reason to suppose that the average level of employment will be any different with NAFTA than without.

This conclusion does not depend on the details of the agreement. If you told me that the direct impact of NAFTA would be a cost to the U.S. economy of five million jobs, perhaps I might worry about whether the Fed would actually have the power to offset this blow, just as I might have trouble driving against gale-force winds. In fact, however, even harsh critics of NAFTA rarely estimate job losses of more than 500,000—less than half of one percent of U.S. employment. The reason the estimates are uniformly small is that anyone who looks at the numbers

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immediately realizes that U.S. trade barriers against Mexico are already quite low—a four percent tariff on manufactures, higher tariffs on some agricultural products, and a scattering of quantitative restrictions. If Mexico's low wages were the kind of overwhelming attraction to U.S. industry that would generate Ross Perot's "giant sucking sound," those firms would have moved already.

A job loss (or gain) on the order of half of a percent is, however, small change compared with the effects of Federal Reserve policy. Such a change can and will be offset with a change in interest rates of a fraction of a percentage point.

NAFTA AND THE ENVIRONMENT

Aside from job fears, the most effective argument against NAFTA has been the claim that the agreement will hurt the environment because industry will move south to take advantage of lax Mexican environmental laws and, especially, enforcement of those laws. And there is no question that a Mexican factory typically does more damage to the environment than its U.S. counterpart.

But that is the wrong comparison. Since NAFTA will not lead to a shift of jobs from the United States to Mexico (or vice versa), the relevant question is not whether the Mexican factories that will emerge under NAFTA will be less friendly to the environment than equivalent U.S. plants, but whether they will do more damage than the factories in which Mexican workers would otherwise have been employed.

This is not a question with an obvious answer, but there are at least two reasons to think that on balance NAFTA will be good for Mexico's environment.

One reason is simply that the United States has made the environment an issue, and as a result Mexico will enforce its environmental laws more strictly than it otherwise would have. Despite this fact, Mexican factories will still look pretty bad compared with those in the United States, but that is irrelevant. The point is that they will be cleaner than they would otherwise have been.

A more surprising environmental benefit of NAFTA will be the relocation of Mexican industry. Before 1980 Mexican industrialization, focused on its own domestic market, was largely concentrated in and around Mexico City. Anyone who has been there knows why that presents an environmental problem of literally breathtaking proportions. By contrast, the new export-oriented factories built since Mexico began to follow its new, export-oriented policies are mostly in the north of the country. They may not be models of green production, but at least they are not in the middle of an enclosed valley, a mile above sea level, with 20 million residents.

THE GAINS FROM NAFTA

NAFTA will neither create nor destroy jobs, but it will make the existing North American labor force slightly more productive. No serious study—defined as a study by someone whose mind could conceivably have been changed by the evidence—has failed to find that NAFTA will produce a small net gain for the United States. This benefit will come from the usual sources of gains from international trade. First, each country will tend to increase its output in indus-

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tries in which it is relatively productive, raising the efficiency of the North American economy as a whole. Second, larger markets will allow for better exploitation of economies of scale. Finally, the larger market will lead to greater competition, reducing the inefficiency associated with monopoly power.

The operative word, however, is "small." Few studies indicate that NAFTA could add much more than 0.1 percent to U.S. real income.

Why are the gains so small? First, the United States and Mexico have already moved most of the way to free trade in advance of NAFTA; the agreement does not do all that much more to integrate markets. Second, Mexico's economy is so small—its GDP is less than four percent that of the United States—that for the foreseeable future it will be neither a major supplier nor a major market.

The gains to Mexico from NAFTA are, not surprisingly, much larger as a percentage of that country's national income, if only because the Mexican economy is so much smaller to start with. One recent estimate is representative: it finds that the dollar value of gains from NAFTA will be roughly equally divided between the United States and Mexico (about $6 billion each annually). But this represents a gain of only a little more than 0.1 percent of U.S. GDP, compared with more than 4 percent for Mexico.[2]

NAFTA AND LOW-WAGE U.S. WORKERS

When a country with a highly skilled labor force increases its trade with a country in which skill is at a greater premium, it can expect a decline in the real wages of its own unskilled workers. As a matter of economic principles, we should expect to see at least some adverse impact of NAFTA on the wages of American manual workers.

All the evidence suggests, however, that this effect will be extremely small. For one thing, since the existing barriers to trade between the United States and Mexico are already quite low, it is hard to see how removing them could have any dramatic effect on wage rates.

Moreover, while economic theory suggests that trade between the United States and Mexico should involve an exchange of skill-intensive for labor-intensive products, such a bias in trade against low-wage U.S. workers is surprisingly elusive in the actual trade data. Most notably, the widely cited study of NAFTA by Gary Hufbauer and Jeffrey Schott finds that U.S. industries that compete with imports from Mexico pay almost exactly the same average wage as industries that export to Mexico.

It's worth pointing out that this lack of evidence that trade really does worsen American income distribution is not unique to the Mexican case. Two economists who expected to find a significant effect of trade on wages have concluded that virtually none of the growth in wage inequality in the United States since 1979 is due to international factors. A survey by Lawrence Katz reaches the

[2] Drusilla K. Brown, Alan V. Deardorff, and Robert M. Stern, "A North American Free Trade Agreement: Analytical Issues and a Computational Assessment," *The World Economy*, January 1992, pp. 15-29.

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same conclusion.[3]

As a matter of theory, then, we must concede that NAFTA should be expected to hurt low-skill U.S. workers. In practice, there is no evidence supporting this belief, and the best guess has to be that any such effect will be extremely small.

NAFTA AS FOREIGN POLICY

While NAFTA's labor and environmental costs will be minimal, the U.S. public believes otherwise. At the same time, NAFTA'S economic benefit to the United States, while real, will be small. One might then ask: Why should the Clinton administration expend a great deal of its depleted political capital in pursuit of an unpopular and economically trivial agreement? The answer is that Mexico's government needs NAFTA, and the United States has a strong interest in helping that government.

Carlos Salinas de Gortari's government is not a model of democratic virtue. From the U.S. point of view, however, it is the best Mexican government in either nation's history. Salinas' market-oriented reformers have done their best to break with a long tradition of anti-American rhetoric. While Mexico has not yet had a truly free presidential election, the trend is clearly toward greater openness and democracy. Not that long ago U.S. intelligence analysts worried that a Mexico hammered by the debt crisis and plunging oil prices might become a radicalized national security nightmare. The friendly neighbor it has instead become is like a State Department dream come true.

But the long-run success of Mexican reform is not guaranteed. Salinas has overseen a radical liberalization of the Mexican economy, above all in international trade. The maximum tariff rate has fallen from 100 percent to 20 percent; the fraction of imports that requires permits has fallen from 93 percent to less than one quarter. These reforms have succeeded in restoring Mexico to the favor of international investors, who have poured huge sums into the Mexican economy since 1990. But the reform has not yet delivered convincing results where it counts: improved living standards among ordinary Mexicans. After eight years of stagnation, in 1990 the Mexican economy began to grow again. The growth, however, has barely kept pace with labor-force expansion. Unemployment remains far higher and real wages far lower than in 1980.

Most economists believe that Mexico's reforms will eventually bear more abundant fruit. In the meantime, however, there is always the risk that either the Mexican populace or the foreign investors who have been supporting the revival of growth will lose faith and patience in the path of reform.

Salinas' decision to seek free trade with the United States should be seen in this context. For his government, NAFTA is a sort of pledge—a pledge to foreign investors that Mexican reform will continue (and that the U.S. market will

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[3] Robert Z. Lawrence and Matthew Slaughter, "Trade and Wages: Giant Sucking Sound or Small Hiccup?" *Brookings Papers on Economic Activity: Microeconomics 1993*, forthcoming; and Lawrence Katz, "Understanding Recent Changes in the Wage Structure," *NBER Reporter*, Winter 1992/93.

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remain open to goods produced in Mexico). It is also a pledge to the Mexican population that better times are coming.

With the benefit of hindsight, we can see that it might have been better if Salinas had not proposed NAFTA. Perhaps Mexico could have continued down the unilateral path of trade liberalization it has followed since the mid-1980s. This policy would have taken advantage of a U.S. market that was already quite open to Mexican exports of manufactures without stirring up the passions that a formal proposal for free trade has aroused. But it is too late now to reverse course. A rejection of NAFTA by the United States now that the agreement has been negotiated would be a devastating slap in the face to Mexico's reformers.

Nobody can be sure what will happen if NAFTA fails. Perhaps Mexican reform will continue, sadder but wiser. But the most likely forecast is far grimmer: financial crisis for Mexico as investors realize that the success of reform is not guaranteed, political crisis as Mexican populists like Cuauhtémoc Cárdenas Solórzano—who may well have really won the last Presidential election—taunt the leadership with the way America rewards its friends.

If the United States rejects NAFTA, it will virtually be asking for a return to the bad old days of U.S.-Mexican relations. For the United States, this agreement is not about jobs. It is not even about economic efficiency and growth. It is about doing what we can to help a friendly government succeed. It will be a monument to our foolishness if our almost wholly irrational fears about NAFTA end up producing an alienated or even hostile nation on our southern border.

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Creating a Pacific Community

A Time to Bolster Economic Institutions

Frank B. Gibney

During his July trip to Asia, President Clinton went further than any of his predecessors in pledging America's help to create "a new Pacific community." He underscored this by proposing an informal summit conference with leaders of the other 14 members of the Asian-Pacific Economic Cooperation organization (APEC); hence the upgrading of APEC's minister-level meeting in late November in Seattle. While promising support for regional security and democratization, Clinton made clear that the summit's topics would be largely economic. "Our nation," he said, "is ready to be a full partner in Asian growth."

The statement may prove to be a historic one. Few have any doubts left about the continuing expansion of the Asia-Pacific economies and their importance to the United States. More than 40 percent of American trade is with the Pacific region, and this figure shows every sign of increasing. By the year 2000 trade and investment flows across the Pacific will be double the transatlantic volume. Throughout the 1970s and 1980s the American consumer was the engine of growth that fueled various East Asian "miracles." In the future, the big businesses and new middle-class consumers of the region offer the best possible chance for an increase in U.S. exports—both trade and investment—as well as mutally profitable exchanges of technology, communications and education. But recently strong negative perceptions—driven by growing American protectionism, the overselling of NAFTA as an exclusive North American trade "bloc," suspicion of great power hegemony among the ASEAN countries and resurgent nationalism in both China and Japan—have turned many Asians to thinking of the United States less as a partner and more as a threat.

The United States itself has contributed to the confusion. While praising Pacific economic development, promising a continued security presence and

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predicting a rosy cross-oceanic future, the United States has neglected to develop a strong government infrastructure worthy of this goal. Nor have business and non-governmental organizations adjusted to the fact that the economic and cultural scheme of things in the Asia-Pacific world—a kaleidoscopic mix of new "developmental" capitalism and old Confucian tradition—is quite different from the more familiar atmosphere of American relations with Europe. Nonetheless, as Asia-Pacific peoples prosper, a growing middle class presses for more democratic freedoms. Old-fashioned Asian authoritarians continue to send their youth to study at U.S. universities. And a pervasive pop culture throughout the Asia-Pacific region betrays American, rather than European, origins.

The active participation of the United States is vital to the continued growth and peace of the Pacific Basin. Despite Malaysian Prime Minister Mahathir bin Mohamad's recurrent suggestions of yen-dominated Asian trade blocs, few Asians (the Japanese included) seriously contemplate an all-Asian trade bloc that would recreate the hegemonic East Asia Co-Prosperity Sphere of World War II. But the United States needs a working organization—if not a Pacific community—to make its participation effective.

APEC'S WEAKESS

APEC is small, obscure and undermanned; with an annual budget of $2 million, a European Economic Community it is not. This is a purely consultative forum, not a negotiating body—although in East Asia consultation is often more important than negotiation. Nonetheless, almost all of the Asian APEC delegations can count on heavy government support. APEC was formed in 1989 in recognition of the increasing integration of trade and investment in the burgeoning Pacific Basin. Its small secretariat in Singapore is paid for principally by Singapore's government. Although it is run by public officials, businessmen and technical specialists from the private sector are encouraged to attend some meetings. This reflects the close links between business and the government bureaucracy in most Asia-Pacific countries.

APEC's original membership was twelve countries: Australia, Canada, Japan, the Republic of Korea, New Zealand and the United States, plus the ASEAN powers, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The three Chinas were quickly added: the People's Republic of China, Hong Kong and Taiwan (known officially as Chinese Taipei to soothe Beijing's political sensibilities). While the APEC charter calls for high-level ministerial meetings once a year, its principal work has been done by groups dealing with specific issues like trade liberalization, energy, investment regulations, technology transfer and telecommunications.

The resources that the U.S. government has thus far devoted to APEC have been minimal. At a time when more than $50 million annually is appropriated for the European-based Organization for Economic Cooperation and Development and $70 million for the Organization of American States, APEC—the only organization approaching economic policy for Asia (especially northeast Asia) in a comprehensive way—is allocated a mere

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$382,000.[1] The U.S. liaison group to APEC has some good people at the working level. Still, it badly needs continuing high-visibility support in Washington.

Nonetheless, APEC has made some progress with its working groups; telecommunications is a notable example. Much of APEC's success has been due to the spadework done by a nongovernmental sister organization, the Pacific Economic Cooperation Council. PECC was founded in 1980 on the initiative of Australia's Prime Minister Malcolm Fraser and Japan's Prime Minister Masayoshi Ohira as a forum for countries in the Pacific Basin to exchange ideas on investment regulation, trade, technology, intellectual property rights, nontariff barriers and similar problems.

Now encompassing 20 national delegations, including China, Russia, ASEAN and three newly admitted Latin American countries, Mexico, Chile and Peru, PECC is a tripartite group, comprised of people from government, business and academic life. PECC has accomplished a great deal of work through its network of multilateral study groups. With some government support—especially in the case of the Asian members—these groups, like those of APEC, deal with specifics like telecommunications, aviation, minerals and energy. PECC is the only nongovernmental organization with an official observer seat in APEC. If APEC develops into more of a negotiating, policy-making group, PECC would probably represent the business and academic communities, serving as a bellwether, tester and project proposer for the official-level APEC. Between PECC and APEC, some 40 specialized regional meetings are held each year. In the process, new ways of institutional management and problem-solving have been developed.

PACIFIC DISCORD

Beneath the surface harmony, however, lie numerous areas of discord. NAFTA is a good example. The proposed agreement has been attacked by Asians as just another trade bloc, threatening protectionism like the European Economic Community. Fears that the western Pacific might have to "go it alone" have heightened. Partly in response to such trends, the Association of Southeast Asian Nations has established its own ASEAN free trade agreement.

The American tendency to focus on bilateral, confrontational negotiations has impelled many politicians in China and Japan to respond in kind. In addition, U.S. disputes with Japan and other Asian nations about the nature and extent of government influence on private sector decisions and markets have been magnified by differences in such areas as human rights, labor law, environmental control and the pursuit of democracy.

ASEAN leaders, for example, feel that the American emphasis on environmental protection places undue burdens on developing countries. On issues of civil liberties and democratic participation, most Asian statesmen will admit that their forms of democracy are far from perfect, but they resist being judged by American standards of individualism. They particularly resent the public pressure tactics used by the

[1] This meager allocation was inherited by the Clinton administration.

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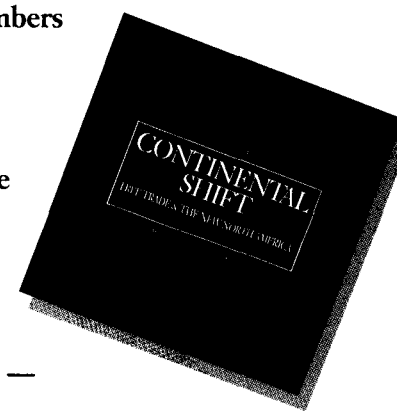

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United States to complain about anti-democratic practices.

In Singapore, for example, visitors are frequently told that the local "Big Brother" type of government and a submissive electorate are preferable to an intellectual, moral and cultural cave of winds, which is how Asians perceive the United States. U.S. economic policy, they argue, is badly hampered by unruly social and political pressure groups.

Bilateral disputes, particularly those involving the Japanese, tend to be like formal duels, and the stakes are often loudly exaggerated. The alternative—multilateral negotiations—usually requires an institutional base such as the GATT. Until recently, Asia-Pacific countries have not seriously contemplated the benefits of a multilateral economic institution outside the GATT. Lately, given GATT's problems, there has been more discussion of building Asia-Pacific economic institutions that can carry the flag for "open regionalism."[2]

Given the huge stakes involved on both sides of the Pacific, it is reasonable to hope that a strengthened APEC could address more comprehensively the substantive issues of trade, technology and economics. The United States is no longer the growth engine it was in the go-go 1980s. Up to now Japan has refused to take up the slack, except insofar as it operates as a kind of "headquarters country," farming out various work projects to other East Asian countries. This is an arrangement, however, with which other Asians will not long be contented. Problems and discontents of this sort cannot be resolved at one or two meetings. They will require time and a great deal of patience in working toward their solution.

Americans can no longer depend, as they once did, on economic weight in bilateral relationships and a strong forward military presence to carry the day for us in the Pacific. The Asia-Pacific region—with power centers in Japan, China and ASEAN, and strong economic influences from Korea and the Chinese coastal regions—is evolving into a balance-of-power situation, one that needs an American presence for stability.

SEATTLE SUMMITRY

What then can the United States reasonably expect from the coming summit in Seattle? And what can the Clinton administration say and do to put meaning in the APEC summit? A few steps might be suggested:

Strengthen APEC. The United States should propose strengthening and enlarging the permanent APEC secretariat. Without offending sovereignty-conscious Asians, the United States should suggest that APEC expand its scope to become ultimately a decision-making body.

Reduce pressure for trade blocs. The United States should restate its commitment to open regionalism as a foundation of trade policy. It should stress the need to continue multilateral discussions and work for solutions to trade and investment problems while coupling them with a more positive approach toward economic devel-

[2] This is best defined as a policy furthering removal of trade, investment and technology barriers, with an eye on GATT disciplines, expanding subregional trading agreements and working toward mutual, nondiscriminatory access to economies elsewhere.

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opment. It should be emphasized that NAFTA is not designed as a threat but as just another step in the U.S. policy of open regionalism. Ties between Mexico and the United States are already strong. NAFTA's ultimate importance lies in becoming part of an ongoing network of transpacific relationships. To underline this point, however, the United States is right to urge that Mexico be admitted to APEC.

Temper rhetoric on human rights. Going beyond APEC, the United States should continue its support for democracy and human rights, with an emphasis on setting these goals in a long-term context. It is often counterproductive to seek expansion of human rights in other countries by publicly telling governments that they are bad. (Many of them know this already.) Furthermore, the tide of events in the region is running toward more democracy.

The Republic of Korea is a classic case in point. Chun Doo Hwan's Kwangju massacre in 1980 was as bad as Deng Xiaoping's Tiananmen massacre in 1989. And the deed was done by an avowedly pro-American government. (There were notably slight protests from Washington at the time.) Nonetheless, gathering resentment at government oppression and the concurrent development of an affluent middle class has turned South Korea into a strong working democracy. Similarly strong currents are moving in favor of democracy throughout almost all the East Asian countries (with the notable exception of North Korea), and it is doubtful that China's communist security mechanism can continue its oppression indefinitely. Currents are running there, too.

Cultivate goodwill. The APEC Education Forum has made a good beginning at regional cooperation in this field. Exchange programs for students and professionals, especially in Southeast Asia, work and should be expanded. There is living evidence in the form of thousands of Asian students who have returned from the United States with a view of the world quite different from the one they started with. Bringing delegations of Chinese lawyers and jurists to the United States to visit their American counterparts, for example, is probably a more effective, if long-term, way of strengthening the rule of law in China than merely denouncing extralegal abuses from afar.

CULTURE IS NOT DESTINY

There are no insurmountable barriers toward building what President Clinton calls "the new Pacific community." It is time to lay to rest the tired argument that the great disparities of culture, tradition, race and religion among the Pacific nations make any close form of cooperation impossible—in contrast, it is said, to the relatively homogeneous nations of Europe. (Not many examples of cultural unity are on display in Europe these days.)

People are profoundly influenced by the cultures, religions and traditions that they have inherited—and this is true nowhere more than in East Asia. But people are also influenced by invention, modern communications, popular culture and the lifestyles of others. All of these, thanks to modern technology, can now be exported and imported at lightning speed. Asian "tradition" and "culture" are not set in concrete. The presumed cultur-

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al gravity of an imaginary East is no more real than the concept of the imaginary West of the Cold War. The Japanese have been at home with Western culture for the last century, as have great numbers of the Chinese. Just as the West carries ancient cultural baggage of Eastern origin, the Asia-Pacific region already carries much from the West. Even among the 180 million people of Indonesia, who embody vastly disparate combinations of race and culture, the modern education and politics of their country enforce a kind of modern cultural unity. Or look at the case of Korea. First a Buddhist, then a Confucian society, the Koreans kept strong influences of both and added a heavy measure of Christianity. (More than 25 percent of Korea's believers are Christians, and very fervent ones at that.) Moreover, given that Korea's secular and technological education has been based largely on American models, it is hard to classify it as part of a mysterious "East."

"Civilizations," Fernand Braudel wrote some years ago, "have their feet on the ground." That is to say, people in any civilization are apt to be influenced as much by current trends in business, trade, and technology as they are by venerable beliefs and traditions. There are powerful American influences at work in this new Pacific community. There are also powerful Japanese, Chinese and Korean influences, as well as growing social and cultural contributions from Southeast Asia. (Indonesia, in particular, will have a lot to say in the future.) At this point in history, a window of opportunity exists for the United States to play a far more constructive role in the development and prosperity of this community than it has before. It is a role for which U.S. history, economics and pluralist political philosophy have amply prepared the nation. It is time to start playing it out.

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Wandering in the Void

Charting the U.N.'s New Strategic Role

John Gerard Ruggie

The United Nations has entered a domain of military activity—a vaguely defined no-man's-land lying somewhere between traditional peacekeeping and enforcement—for which it lacks any guiding operational concept. It has merely ratcheted up the traditional peacekeeping mechanism in an attempt to respond to wholly new security challenges. The result is that the majority of the nearly 70,000 blue-helmeted peacekeepers now out in the field serve in contexts for which peacekeeping was not intended. Even as the demand for these U.N. troops increases almost daily, they continue to function under rules of engagement and with equipment frequently inadequate to their missions. Moreover, they depend for their effectiveness and sometimes their very survival on a U.N. infrastructure that is increasingly not up to the task.

This growing misuse of peacekeeping does more than strain the United Nations materially and institutionally. It has brought the world body to the point of outright strategic failure. Indeed, in Bosnia that line has been crossed already. The U.N. peacekeeping forces there have performed a valuable humanitarian role, to be sure. Nonetheless, having been deployed in a security environment for which the peacekeeping mechanism was not designed, they have ended up deterring, not ethnic cleansing, nor the dismemberment of an internationally recognized state, but the international community itself from undertaking more forceful action to arrest these acts. The Europeans thus opposed President Clinton's proposed air strikes against Serbian artillery positions because they have peacekeeping troops on the ground that are highly vulnerable to retaliation. Yet those troops—because of their small numbers, limited military capability and quasi-peacekeeping rules of engagement—were neither intended nor able to produce the military stalemate from which a political settlement could have emerged.

Governments must move quickly to assess the constraints and opportunities facing U.N.-sanctioned forces. If the

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PHOTOGRAPH BY DAVID STEWART-SMITH, KATZ/SABA

U.N. forces, off-track in Bosnia.

United Nations continues on its present course, its newly constructed house of cards will collapse and take traditional peacekeeping as well as humanitarian intervention down with it. Recent developments in U.S. policy, culminating in the Clinton administration's Policy Review Document 13, indicate a greater willingness in this country than at any time past to explore what the U.S. Permanent Representative to the United Nations, Ambassador Madeleine K. Albright, has dubbed "assertive multilateralism." To date, however, the notion lacks any corresponding expression in military doctrine and operational concepts. And President Clinton, in his September 25 speech to the United Nations, struck a decidedly cautious stance.

The international community must define the new domain of collective military activity that lies between peacekeeping and enforcement and figure out if and how its military requirements can be meshed with the national military capabilities and doctrines of those states that are able and willing to make a meaningful contribution to it.

FAMILIAR TERRAIN

Over the years the United Nations has evolved a well-articulated and widely recognized operational concept for peacekeeping. Brian Urquhart, who was present at its creation and presided over the activity for many years, has

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described peacekeeping as follows:

> the use by the United Nations of military personnel and formations not in a fighting or enforcement role but interposed as a mechanism to bring an end to hostilities and as a buffer between hostile forces. In effect, it serves as an internationally constituted pretext for the parties to a conflict to stop fighting and as a mechanism to maintain a cease fire.[1]

Toward that end, U.N. troops observe and report. They carry only light arms and shoot only in self-defense. And because they lack any constitutional basis in the U.N. charter, peacekeeping forces are sent only with the consent of the country or countries in which they are stationed. Unlike combat units, peacekeeping forces are not designed to create the conditions for their own success on the ground; those conditions must preexist for them to be able to perform their role. In short, theirs is essentially a nonmilitary mission, carried out by military personnel. Accordingly, the combat effectiveness of such units and the adequacy of U.N. headquarters operations that support them have not had to be a major issue of concern in the past.

Enforcement is primarily a legal, not a military, term. It refers to actions authorized under Chapter VII of the United Nations Charter. An aggressor is collectively identified and punished by an escalating ladder of means until its aggression is reversed. Ultimately, enforcement involves flat-out war-fighting—for example, the "all necessary means" of Resolution 678, authorizing what became Operation Desert Storm. War-fighting of that sort is everything that peacekeeping is not—doctrinally, in terms of on-the-ground assets, as well as in its command and control requirements. As defined by the U.S. Joint Chiefs of Staff, the doctrines and rules governing U.S. troops in Desert Storm and similar campaigns are antithetical to standard U.N. peacekeeping practice: the decisive, comprehensive, and synchronized application of preponderant military force to shock, disrupt, demoralize and defeat opponents.[2]

The United Nations does not have an institutionalized military enforcement capability, and it is exceedingly difficult to imagine how it could come to acquire one. Proposals for a U.N. standby force or an international volunteer force are likely to generate more debate than funding, facilities or troops. Large-scale U.N. military enforcement, therefore, will in the future remain episodic and, when it occurs at all, consist of U.N. authorization and general political oversight together with execution by ad hoc coalitions of states.

A NEUTRALIZING FORCE

It is in the gray area between peacekeeping and all-out war-fighting that the United Nations has gotten itself into serious trouble. The trouble stems from the fact that the United Nations has misapplied perfectly good tools to inappropriate circumstances.

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[1]Brian Urquhart, "International Peace and Security: Thoughts on the Twentieth Anniversary of Dag Hammarskjöld's Death," *Foreign Affairs*, Fall 1981, p. 6.

[2]*A Doctrinal Statement of Selected Joint Operational Concepts*, Washington: Office of the Joint Chiefs of Staff, U.S. Department of Defense, Nov. 23, 1992.

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The ill-fated U.N. peacekeeping mission sent to Somalia prior to Operation Restore Hope (UNOSOM I) is a case in point. Gen. Mohammed Farah Aidid, so-called Interim President Ali Mahdi Mohammed and the other warlords did not create domestic anarchy in Somalia absentmindedly. The insecurity of the Somali population was their very objective, the basis of their power and revenues. Those hapless 400 Pakistani Blue Berets confined to Mogadishu airport were the only lightly armed contingent in the country. When international humanitarian assistance personnel wanted to move about they had to hire armed thugs to protect them, thereby reinforcing the very system that had created the human tragedy that brought them to Somalia in the first place.

The same is true in the former Yugoslavia. From the start, as Aleksa Djilas has recently written in these pages, "Milošević counted on war, the ultimate condition of fear, to unite Serbs around him." There was no peace to be kept in Bosnia. And the displacement of Muslims in Bosnia is not an incidental by-product of the war, but the Serbs' very objective. Therefore, deploying a U.N. humanitarian mission to Bosnia by definition meant that its personnel would not be considered impartial and that they would, therefore, become potential pawns in the conflict. Seeking to protect them with peacekeepers only added to the number of potential international hostages on the ground.

Alas, the domain between peacekeeping and enforcement is a doctrinal void. Its core strategic logic can nonetheless be grasped by comparison to the traditional U.N. functions. Peacekeeping essentially attempts to overcome a coordination problem between two adversaries: the peacekeeper seeks to ensure that both parties to a conflict understand the agreed-upon rules of the game and that compliance with or deviation from these rules is made transparent. Enforcement, on the other hand, is akin to a game of chicken: the international community, through escalating measures that ultimately threaten war-making and military defeat, attempts to force an aggressor off its track.

Strategically, the United Nations' new domain resembles a suasion game: because there is no clear-cut aggressor, U.N. forces, by presenting a credible military threat, seek to convince all conflictual parties that violence will not succeed. International force is brought to bear not to defeat but to neutralize the local forces. The political objective is to prevent local force from becoming the successful arbiter of disputes and to persuade combatants that they have no viable alternative but to reach a negotiated settlement. The military objective of the strategy, then, is to deter, dissuade and deny (D^3).

Ideally, the timely show of sufficient international force would deter the local use of force altogether; a flotilla of warships off the coast of Dubrovnik, firing warning shots when the Serbs first shelled the city, might have gone a long way toward arresting armed conflict in the former Yugoslavia. If the time for deterrence has passed, or should deterrence fail, international force would be deployed in the attempt to dissuade local forces from continuing their military activities; Operation Restore Hope was

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an attempt—if not entirely successful—to accomplish that end. As a last step, international force would seek to deny military victory to any side in the dispute, thereby creating the military stalemate on which negotiated settlements often depend; President Clinton's "lift and strike" proposal for Bosnia would have been an instance had it been adopted.

To achieve any of these objectives, international forces above all must be militarily credible. Neither their size nor their technological and operational capabilities can be defined generically, but will depend foremost on the nature of their missions. At the high end of the spectrum, such a force might be indistinguishable from war-fighting units in all respects except its rules of engagement and its military as well as political objectives. The air-strike component of President Clinton's Bosnian "lift and strike" proposal would have exemplified that feature. But even at the lower end, as is illustrated by the current U.N. operation in Somalia, such forces require more extensive training than traditional peacekeepers, as well as heavier equipment, greater operational flexibility and mobility, access to more sophisticated communication and intelligence systems, and tactical direction by a viable field command.

Even if the proposed D^3 strategy were satisfactorily refined and adopted as policy by governments, however, a number of practical problems would have to be resolved before it could be successfully instituted.

TOWARD COLLECTIVE SECURITY

First, any move in this new direction would increase the international military presence of the major powers of the United Nations. Relatively few countries have the military capabilities to implement the strategy in any but minor conflicts. And those countries that do can hardly be expected simply to turn over their forces to the international body. Greater military involvement by the major powers would go a long way toward closing the U.N. military infrastructure gaps. But it would also increase the constant tension between the competing desires for U.N. versus national control over field operations and extend that struggle to headquarters operations. A mutually acceptable relationship would have to be devised.

Second, neither the capabilities nor the willingness would exist under the new arrangement any more than under the old to right all wrongs, even the relatively small number of wrongs that are deemed to warrant international action. Hence any such collective security system is bound to lack universal coverage. But that need not necessarily be a fatal flaw. The chief defining attribute of multilateralism, including collective security arrangements, should be construed not as universality but as nondiscrimination. Great care would have to be taken, therefore, to minimize geographical, ideological or any other bias. For any such bias would undo this mode of collective security, politically by reducing its legitimacy and militarily by reducing its deterrent effect.

Third, a doctrinal clash would have to be overcome between the U.S. military, in particular, and the United Nations. For the U.S. military, the D^3 strategy at first blush is likely to conjure up concepts of gradual escalation and limited war,

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discredited by and discarded after Vietnam. True, under the new strategy the political and military objectives of the deployment of international force would be limited. But there is no reason why those objectives could not be coupled with maximum military strength geared to the situation at hand. The United Nations, however, as both a collection of governments and an institution in its own right, is averse to the deployment of force and, once it is deployed, instinctively favors gradual escalation. The United Nations, therefore, would have to appreciate the classic distinction between the utility of force and its actual use.

Finally, the relationship between this new mode of collective security and traditional peacekeeping and humanitarian assistance would have to be worked out. On paper, the transition from Operation Restore Hope to UNOSOM II looked good. In practice, it has not been smooth or entirely effective, largely because the military mission of the former was underspecified and inadequately executed.

Despite these problems, the United Nations must move in this new direction: U.N. peacekeeping has already been pushed too far, and U.N.-sanctioned military enforcement will continue to be a rarity. The domain of a potentially enhanced U.N. military role occupies the space between those two. The major challenge for the international community is to define that domain, and to mesh it effectively with national military capabilities and doctrines. Only then will the international community be able effectively to persuade local combatants that the use of force to resolve disputes will not succeed.

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GATTing the Greens

Not Just Greening the GATT

Daniel C. Esty

Until recently, trade policymakers and environmental officials worked on separate tracks, rarely perceiving their paths as intersecting. Now that environmental protection has become a central issue on the public agenda, trade and environmental policies seem deeply intertwined and in some cases badly tangled. Environmentalists are calling the General Agreement on Tariffs and Trade (GATT) outdated or worse and are demanding a "greening" of the GATT to reflect environmental concerns. Trade experts have responded with a sharp defense of the international trade regime and have expressed fear that further progress toward free trade will be undermined by protectionism in the guise of environmentalism.

The battle lines between trade and environmental policymakers need not become entrenched. Both camps defend principles that foster long-term security and prosperity, deter irresponsible shifting of costs to other nations or generations, and face a constant threat of erosion from special interests. Much of the discussion to date has focused on possible legal refinements to the GATT to build environmental sensitivity into the international trading system. But creating a new parallel international regime designed to defend the environment as a necessary element of a prosperous global economy and to coordinate policies with the GATT would offer the prospect of a broader peace between the trade and environmental communities. Like GATT, it would provide a bulwark against domestic political pressures that undermine long-term thinking and serve as an honest broker for the economic future, allocating costs, benefits and responsibilities in transnational disputes. In sum, instead of just "greening" the GATT, we should "GATT" the greens.

START WITH A PILLAR

GATT is a central pillar of the post-World

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War II international order. Its rules, norms and dispute settlement procedures are designed to prevent governments from adopting shortsighted, "beggar-thy-neighbor" policies that limit imports and promote exports to establish a competitive advantage at the expense of other countries. Such policies invite retaliatory actions by others and lead to a downward spiral into global economic chaos, as occurred in the 1930s in the wake of the Smoot-Hawley tariffs. Despite the mutually destructive nature of such policies, governments risk slipping into protectionism because politicians tend to respond to the loud voices of organized special interests who benefit from closed markets rather than to the quiet requirements of the general welfare.

The architects of the Bretton Woods economic order recognized this danger of political failure and, with the lessons of the Great Depression and World War II fresh in their minds, set up the GATT as a government-to-government contract to safeguard an open world market. By enshrining the principles of liberal trade in an international regime, the creators of the GATT elevated the commitment to freer trade to a nearly constitutional level, thereby limiting the power of governments around the world (and legislatures in particular) to give in to the pleadings of domestic special interests seeking to hide from the rigors of the global marketplace.

MORE THAN A PASSING RESEMBLANCE

No comparable system exists to protect environmental values and policies against a similar defect in our system of interest-group democracy. Governments rarely require polluters to pay fully for the environmental damage they cause. Like the economic losses from protectionism, the costs of environmental degradation are spread widely across society, making it difficult to organize those affected.

The existence of threshold effects, time lags between emissions and detection of environmental problems, and sometimes substantial scientific uncertainties over the source, scope and magnitude of ecological damage makes the harm from environmental degradation and the benefits of pollution control easy to dismiss as too distant or speculative. Moreover, environmental issues often present classic examples of the "tragedy of the commons," in which harmful actions by one individual or a small number of people will have no noticeable effect on a public resource, but the same behavior from larger numbers destroys the resource. These characteristics of environmental issues leave governments with a nearly irresistible temptation to ignore pollution problems and let the costs of environmental neglect fall onto the ultimate inactive and unorganized interest group—generations yet unborn.

Global environmental issues offer the additional opportunity, as in the trade context, to transfer burdens to foreigners. In dealing with problems such as climate change, where the pollution from one country spreads across the entire planet, governments recognize that costly emission controls on domestic industries (the benefit of which redounds largely to others around the world) cannot be justified using the relevant political calculus (i.e., domestic costs versus domestic benefits) and might disadvantage their producers in

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international competition with companies whose governments require less spending on pollution abatement. There exists a tendency to engage in damaging, beggar-thy-neighbor environmental behavior driven by competitive pressures—the same phenomenon that, in the trade context, led the "wise men" directing U.S. postwar foreign policy to establish the GATT. Today, the world needs GATT-like rules of mutual economic forbearance to protect the environment.

AFTER RIO: YES, WE HAVE NO CHAOS

Confusion and incoherence characterize the current management of international environmental affairs, as a dozen different U.N. agencies, the secretariats to various environmental treaties and conventions, the World Bank, regional political groups, and the world's 180 countries acting individually try to cope with the planet's environmental problems.

The U.N. Environment Programme, for example, has limited responsibility, financing and political support and therefore cannot play a coordinating role. The institutional legacy of the Earth Summit—the Commission on Sustainable Development—suffers from the same defects and is further hobbled by an unfocused mission. Its road map is Agenda 21, a 1,000-page compendium of environmental concerns and needs.

Even the international organizations with established structures and resources, such as the World Bank's Global Environmental Facility, have neither the ability to manage issues comprehensively nor the authority to serve as an honest broker to settle disputes. With no single organization possessing a broad or strong enough mandate to coordinate environmental efforts, the response to the planet's ecological problems will remain unfocused, ineffective, and insufficient.

GREEN VERSUS GATT

The lack of an Institutional Environmental Organization to protect environmental values the way the GATT guards free trade principles lies at the heart of the antagonism between trade and environmental interests. Although never pure in its focus and now encumbered by 50 years of compromises designed to maintain reciprocal benefits among the parties to the agreement, the GATT establishes parameters for behavior in the international trading system and defends an open (or at least relatively open) global marketplace against encroachments. GATT's perceived singular mission and relative success makes environmentalists both angry and envious. They see the GATT as insular, rigid and inpenetrable. But they also recognize the GATT's efficacy, which is in part a function of its narrowly tailored mission and ability to shield itself from political forces advancing other priorities. Thus, while denouncing the GATT, environmentalists admire its power and would like to remold it to serve "green" purposes.

Concern in the environmental community over the negative effects of free trade began to heat up in 1990 with the announcement of plans for a North American Free Trade Agreement, which eco-skeptics argued would allow Mexico to become a "pollution haven" and would undermine higher U.S. environmental standards. In 1991 this discontent boiled over when a GATT dispute settlement

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panel appeared to elevate trade obligations above environmental protection efforts by declaring the United States to be in violation of its GATT obligations for instituting an import ban on Mexican tuna caught using nets that killed large numbers of dolphins. In the face of the perceived hostility of free trade to ecological interests, some environmentalists launched an all-out attack on the GATT. Papering Washington with posters of a dolphin-eating, pollution-spewing "GATTzilla" and running newspaper advertisements under the headline "Sabotage," free-trade critics painted an unflattering portrait of the GATT as a secretive, international conspiracy of faceless bureaucrats in Geneva carrying out sneak attacks on democracy and American sovereignty.

In truth, the GATT is not hostile to the environment but agnostic. In defense of its environmental posture, the GATT recently issued a report that suggests, among other things, that trade liberalization contributes to environmental protection by improving the efficiency of resource use and raising incomes, making possible increased expenditures on the environment. GATT officials further argue that using trade threats or sanctions is not a cost-effective or "first best" way to obtain compliance with environmental agreements or promote environmental policy goals. They insist that the adoption of proper environmental policies such as the "polluter pays" principle—which requires pollution costs to be internalized in the prices producers and consumers see—can ensure that trade liberalization also results in environmental gains.

It is here that the debate between the trade and environmental communities breaks down. Economic growth does not necessarily translate into more resources for environmental protection. More significantly, first best environmental policies (e.g., taxing pollution) are frequently politically unachievable. Nevertheless, trade theorists have become consumed with policy proposals to make trade and environment policies mutually supportive by means of economically "appropriate" environmental policies, which would force polluters to pay for the damage they cause. But their relative disinterest in the real-world political difficulty of getting such measures adopted casts doubt on the seriousness of their commitment to incorporating environmental concerns into trade policymaking. Their inattention to the political failure that stymies movement toward economically sound environmental policies seems particularly ironic, since the GATT was created because governments left to their own devices find it politically nearly impossible to maintain "appropriate" trade policies.

Environmentalists, while acknowledging the universal currency of market incentives, accepting the need to internalize pollution costs and even conceding the value of proper resource pricing as a way to reconcile trade and environmental interests, have become fixated on changing the rules and procedures of the GATT. As a result, they have largely failed to consider the possibility that restructuring environmental policy mechanisms offers a more sound basis for protecting environmental values.

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SUCCEEDING WHERE OTHERS FAIL

As the GATT built on a few central concepts such as nondiscrimination, negotiations to establish an International Environmental Organization (IEO) might initially focus on defining general environmental principles to guide the world community. For example, universal acceptance and application of the polluter-pays principle—forcing governments, industry and individuals alike to bear the full costs of the environmental burdens they impose on society—would create powerful incentives for pollution prevention and environmental care, consistent with the long-term interest of the public in a healthy environment and ongoing economic growth. Over time, an IEO might develop a broader body of international environmental law and a cohesive set of rules, norms, methodologies and procedures for countries to follow in carrying out a shared commitment to the protection of the planet.

Whether or not an IEO is created, the rules and procedures of international trade will have to be updated to reflect environmental concerns. The GATT's traditional bar against "extraterritorial" trade restrictions designed to encourage other nations to adopt environmentally sound production processes needs to be amended, and countries invoking trade measures designed to uphold international environmental agreements must not be subject to GATT countermands. In addition, the policy context of GATT decisions needs to be broadened by the undertaking of environmental analyses prior to trade negotiations and by allowing environmental groups and other nongovernment organizations to submit views on issues under GATT review or which are the subject of dispute settlement procedures. In the absence of an IEO, of course, the policy void GATT must fill will be greater, requiring more substantial changes in the GATT to inculcate environmental values and permit it to reconcile internally competing trade and environmental goals.

Creating an IEO and multilateral rules to promote the economic and ecological sustainability of life might allow the community of nations to adopt together the optimal environmental policies they cannot enact alone. Clarifying environmental requirements and dispute settlement procedures, for example, would reassure the trade and business communities, which dislike uncertainty and fear that future trade liberalization will be undermined by efforts to recast the GATT as an environmental institution. Whether a new environmental organization is created or the GATT is amended, reconciliation between the trade and environmental communities depends on a realignment of international relations to accommodate the environment as a critical issue of post-Cold War foreign affairs.

In anticipation of next year's 50th anniversary of the Bretton Woods Conference, a number of major reviews of the international organizations set up to manage world affairs in the wake of World War II are underway. Initiatives to update this institutional structure offer the current world leaders a chance to look forward, establish mechanisms to address 21st-century global challenges and respond to today's "political failures" before they devolve into crises.

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The Future of the Islamic Movement

Richard W. Bulliet

THE PROMISE OF AN AFTERLIFE

THE ARAB-ISRAELI conflict did not make the Islamic movement, and peace between Arabs and Israelis will not break it. From the time of Hasan al-Banna, the founder of Egypt's Muslim Brotherhood, onward, groups seeking to institute an Islamic moral, social and political order have used the conflict with Israel as an instrument for promoting their goals. They have piggybacked on the rage against Israel and sympathy for the Palestinians ceaselessly drummed up by nationalist governments. Unencumbered by the practical burdens of governing, these groups have often gone further than nationalist regimes in advocating violence to regain "Muslim" soil and the holy city of Jerusalem. They have doubtless gained a measure of popular support in this fashion, and they have gained it at very little cost since Israel's strongest supporter, the United States, remains deeply hostile toward what it terms "Muslim fundamentalism." But the actual objectives of the Islamic movement do not lie in Palestine. They lie at home.

Recruitment of Islamic activists at high schools and universities succeeds so well because the movement addresses issues like poverty

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RICHARD W. BULLIET, Professor of History and Director of the Middle East Institute at Columbia University, is the author of *Islam: The View from the Edge.*

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AP/WIDE WORLD PHOTOS

Does the future belong to them?

and unemployment, the growing gulf between rich and poor, inadequate government services, political corruption, perceived government subservience to American demands, and the hedonistic or European lifestyles of the well-to-do. The Islamists deal with these issues through a comprehensive critique of modern life in the Islamic world and argue persuasively that a return to core religious values would bring social justice, good government and a higher level of moral life while putting Muslims in touch with their glorious past.

Responses to this message take various forms. Many people change their personal behavior and become more community-oriented but do not seek to change the government. Others, where constitutionally possible, organize politically. They see the ballot box as their instrument for achieving social and political change, and they see the rootless poor of the big cities—inclined by their village origins to turn to religion for solace—as their natural allies. An impatient and sociopathic few kill public officials and blow up buildings in the time-

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honored but futile belief that terrorism can bring about chaos and therefore the opportunity to seize power.

Sudden increases in prosperity, political liberalism, redistribution of wealth, and upper-class austerity would slow the growth of the Islamic movement, but not by much. The Islamic critique of the world has gained too much momentum to succumb to material blows. Secular Muslims, with their foreign cheering section, will be confronting religious Muslims long after an independent Palestinian state comes into being, and smart money will not be on the secularists.

FORCING A PEACE

Now CONSIDER reversing the opening proposition. Did the Islamic movement make Israel and the PLO come to terms? Can the Islamic movement break the peace process? It can be argued that without pressure from the Islamic movement, bloody stalemate would have continued for decades. On the Palestinian side, Hamas was progressively eating into the PLO's claim to represent Palestinians in the occupied territories. Hamas was the force behind the intifada. Hamas-oriented militants and the Shiite Hezbollah militia in Lebanon escalated the shedding of Israeli blood, which produced a deep impact on Israeli public opinion, just when the PLO was tempering its own violence in a quest for international recognition. The Hamas advocacy of no compromises or negotiations implicitly accused Yasser Arafat of betraying the Palestinian cause. To be sure, secular Palestinian groups within and without the PLO have made the same accusation. But Hamas was actually resisting Israel with its own primitive resources while other Palestinian groups were fighting one another and eating from the hands of Syrian, Iraqi and Libyan dictators.

If the fall of the Soviet Union had not stripped the PLO of international diplomatic and military support, and if the defeat of Iraq in the Persian Gulf War had not made the PLO a pariah in the eyes of the Saudis and Kuwaitis who had financed it, Arafat's organization could have continued to confront Hamas from within the Palestinian movement. Thus even though the Islamic movement in Gaza and the West Bank did not by itself cause the PLO to make

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peace, its threat to a weakened PLO played an important part.

On the Israeli side, the prospect of being marooned in a sea of militant Islamic enemies seemed more horrifying than the long-standing reality of being marooned in a sea of militant secular enemies. This is true even though, since the end of the Cold War brought an end to Soviet assistance, Israel's future enemies will probably not be able to arm themselves as well as past foes could. The long, sad history of religious, primarily Christian, anti-Semitism, the inheritance of Europe's collective nightmare of religious government dating back to the wars of religion, the obduracy of some observant Jewish groups within the secular Israeli state, and an instinctive feeling that suicidal religious fanatics are more dangerous than suicidal secular fanatics (much of this century's violent history to the contrary) all contribute to this point of view.

Rational or not, such thinking in Tel Aviv (as well as in Washington) made the Islamic movement a weighty factor in entering negotiations with the PLO. Having spent years alternately or simultaneously bludgeoning, cozening, threatening and cajoling Arab adversaries into entering serious peace talks, Israel and the United States had no desire to see Islamic revolution in Egypt, an Islamic electoral victory in Jordan, Islamic anarchy in Lebanon, or an Islamic coup in Syria destroy all that those governments had worked for. The Islamic movement caused the time for peace to ripen.

COSTS AND BENEFITS OF PEACE

HAVING ANSWERED the first question with a qualified yes, what of the proposition that the Islamic movement can break the peace process? This question divides logically into two: Will the Islamic movement want to break the peace? And can it succeed?

The common tendency to view "Islamic fundamentalism" as a religious specter casting an ominous shadow over the Islamic world, or even over all of Western civilization, obscures the fact that the Islamic movement is not an international conspiracy operating out of a Kremlin in the center of Tehran. Rather, it is a loose assemblage of groups with more or less common goals but dramatically different

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strategies that depend on local conditions. There is no Islamic International orchestrating revolutionary acts of terror and bloodshed around the world.

Despite their propensity for prayer and reverence for religious tradition, Muslim political activists are rational human beings. They probably include a disproportionately large number of the best-educated and most intelligent young people in their respective populations. Scientists, engineers, agronomists, doctors and Western-style lawyers pray side by side with, and probably outnumber, formally trained mullahs and specialists on Islamic law. It should not be surprising, therefore, to find different groups calculating their position toward the Israel-PLO peace process in different ways. Islamic Salvation Front (FIS) members in Algeria (many with plenty of time for thought in prison) can be expected to debate whether rejecting the peace process will help bring about an Islamic state, or whether by supporting the peace process they can soften European and American support for the junta, which had robbed them of a prospective electoral victory.

Despite their propensity for prayer, Muslim political activists are rational human beings.

Members of the Muslim Brotherhood in Egypt or of the Shiite resistance to Saddam Hussein in Iraq will arrive at their own calculus of advantage: Do they stand to gain more by openly supporting peace than they stand to lose by giving up hatred of Israel as a device for garnering popular support and for castigating governments that have failed to regain Palestine and Jerusalem? Though the Islamic Republic of Iran is often portrayed as the most intransigent of all Islamic groups, Tehran is questioning whether it makes sense—given that Iran made peace with Saddam Hussein after spilling an ocean of blood in an effort to fulfill Ayatollah Khomeini's dream of revenge—to nurture eternal hatred and animosity toward an Israel that the PLO leadership is willing to shake hands with.

It should come as no surprise if rejection of Israel gradually recedes from the rhetoric of some Islamic activists. For Iran to pursue the objective of wreaking nuclear destruction on Israel, as alarmist commentators with little understanding of Islamic politics portend, would

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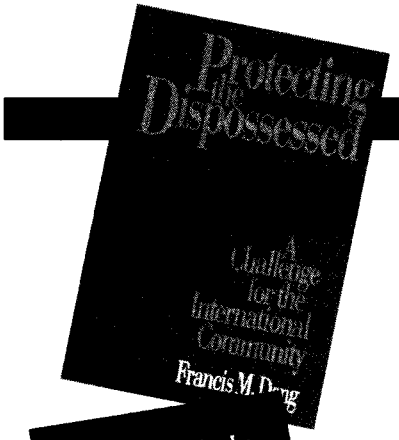

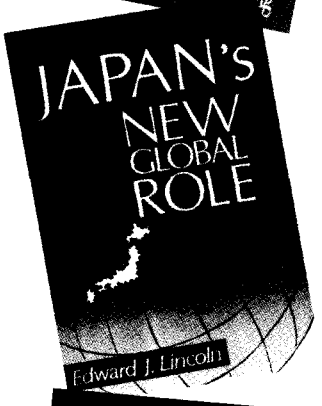

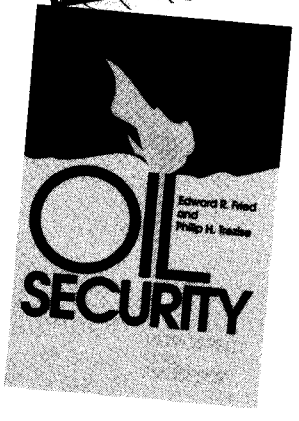

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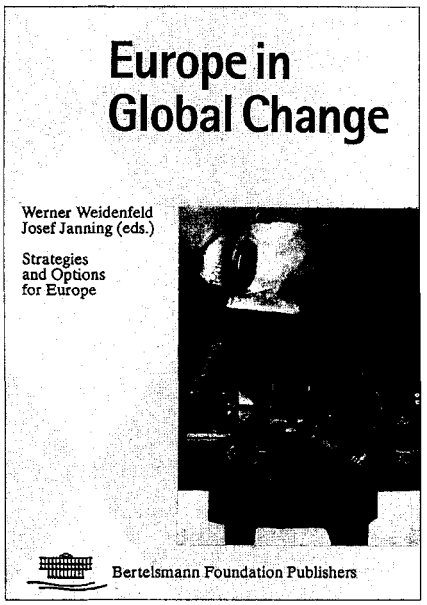

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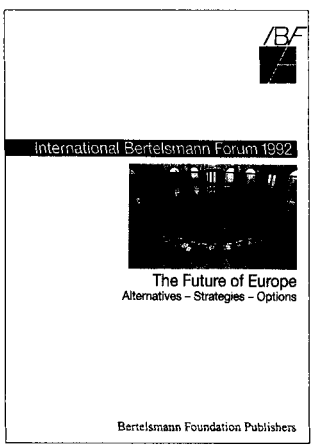

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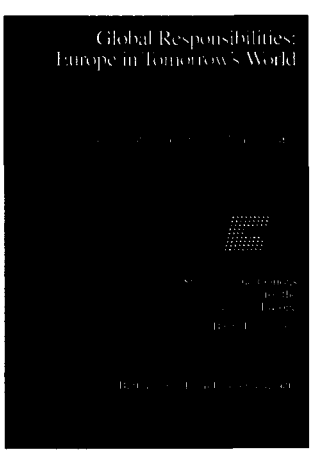

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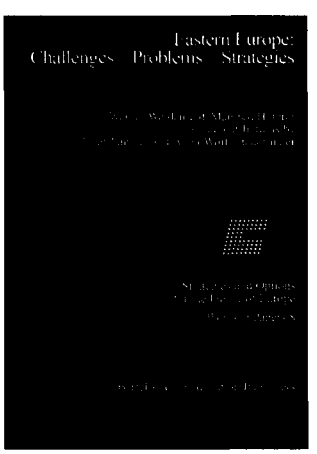

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be the stupidest political decision since Hitler invaded Russia. The leaders of the Islamic Republic of Iran are not stupid. Just as the outer ring of Arab states is holding itself aloof from recognizing Israel until the peace process makes more headway with the other front-line states, most components of the Islamic movement that are geographically remote from Israel will probably bide their time and ultimately go with the flow. Their struggle is elsewhere.

Assuming that Hezbollah in Lebanon lacks independence from Syria and Iran, this leaves Hamas. Which will bring the goals of Hamas closer to achievement: using violence to play the role of spoiler, or contesting elections with the PLO under the autonomy plan? A more militant ideological stance than that of the PLO can be maintained in either case. Addressing these policy options is tantamount to addressing the question of whether the Islamic movement can break the peace process.

A rash of assassinations, murders, riots and bombings carried out with inspiration from Hamas and sympathetic groups in other countries would horrify the world. But unless it prompted the Israeli government to renege on its commitments, it would fail politically and mark the end of Hamas. Given that the Rabin government has made it clear that fear of growing "Islamic fundamentalism" is one of the factors propelling Labor toward peace, it would be absurd for that government to withdraw its handshake precisely because of religiously based opposition. There is the alternative possibility that a Hamas campaign of violence could cause the Rabin government to fall and return the Likud Party to power. But that outcome seems unlikely since it would amount to Israel playing into the hands of the spoilers. Violence, therefore, will probably be deemed too great a risk by Hamas leaders.

THE ADVANTAGES OF LEGALITY

GOING THE ELECTORAL route could also further a rejectionist agenda, however. Hamas candidates might make substantial electoral gains, if an elected Palestinian autonomy authority dominated by the PLO can be made to look like a collaborationist government of quis-

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lings doing the Israelis' dirty work of suppressing dissent and protest against continuing Israeli occupation. Should this happen, the Rabin government might take fright at both the possibility of a religiously oriented independent Palestinian state west of the Jordan River and the prospect of the Likud opposition charging that the ill-considered peace agreement opened the door to Islamic extremism. A frightened government could become a hesitant government; the steps toward peace could again slow; and PLO political legitimacy could thereby be further undermined to the advantage of Hamas.

This is the best strategy for Hamas to follow and is the course intimated by reports that the PLO and Hamas have agreed not to enter into open conflict for the time being. At best, it will yield Hamas dominance of the Palestinian autonomy authority and movement without sacrificing too much ideological purity. At worst, it will preserve Hamas as a significant force in an independent Palestinian state whose nationalist government Hamas can then challenge according to the example of fraternal Islamic groups in other countries.

Though violent religious opposition to the peace process either in the occupied territories or farther afield is unlikely, an astute Hamas leadership should be able to maintain a strong voice for the Islamic movement in Palestinian affairs. Rapid progress on all peace agendas, massive financial support for the autonomy authority, conciliatory Israeli policies (e.g., removing trade barriers) and international encouragement of the PLO's transition from resistance movement to government will be required to mute that voice.

Against these trends will weigh the steady growth elsewhere in the Islamic world of forces that desire to see their societies reorganized according to Islamic morality, law and government. Events elsewhere in the region can still perturb the peace process. Israel, the PLO and Hamas are bound like mutually repulsive particles in an atom. Long-term stability depends not just on the forces that override repulsion and prevent internal fission, but on avoidance of stray neutrons from other events (no reference to nuclear proliferation intended).

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The Israeli-PLO Accord

Is Jordan Doomed?

Lawrence Tal

A KING WHO MUST DECIDE LIKE SOLOMON

DURING THE 40 years King Hussein has ruled the tiny Hashemite kingdom of Jordan, many observers have predicted his downfall. Yet he has outlasted all his contemporaries and is now the longest-serving head of state in the Middle East. But will Hussein have the last laugh? The Palestinian self-rule agreement signed in September 1993 between Israel and the Palestine Liberation Organization is again raising speculation that both Hussein and Jordan may finally be doomed.

Despite such prophecies, the 72-year-old Hashemite monarchy has succeeded in creating enough interests vested in the survival of the state to assure Jordan's place in any new regional order. The foundations of the Jordanian state may be wobbling, but they have held. While Jordan's existence is not at stake, its political future is unclear: Will it be a Jordanian or a Palestinian state? Hussein rules over a country that has a large Palestinian population, and he must decide whether to accept a confederation with a Palestinian entity in the Israeli-occupied territories or sharpen the line separating Jordan and the Palestinians. Native Jordanians are arguing that they could become a minority in their own country unless Hussein draws away from the Palestinians. The king's decisions in the coming months will determine the identity of the Jordanian state into the 21st century.

LAWRENCE TAL is a John M. Olin Fellow at Oxford University.

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AP/WIDE WORLD PHOTOS

The kiss of death for Jordan?

JORDAN'S SHIFTING FOUNDATIONS

JORDAN IS NOT a nation-state in the sense that France or Germany are nation-states. There is no single ethnic or nativist group associated throughout history with the piece of territory created in 1921 by imperial Britain. Colonial Secretary Winston Churchill installed the Hashemite family from Arabia to rule. But the borders were artificial and encompassed a heterogeneous population: descendants of bedouin who had migrated from Arab lands before and during Ottoman rule as well as Christian and Circassian minorities. Refugees fleeing Palestine in 1948, and King Abdullah's annexation of the West Bank in 1950, added to the population with no strong affinity to the Hashemites.

This lack of a cohesive ethnic or religious base has given the Hashemites myriad difficulties in shaping a national entity. Until the 1960s, when pan-Arabism reached its zenith, most inhabitants of Jordan looked to Iraq, Syria or Arabia for leadership—a problem that plagued Hussein until the 1960s. Lacking the natural resources and

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large population base to become a powerful country, Jordan was dependent on external sources of revenue. Powerful neighbors have made it subject to the push and pull of regional geopolitics.

The Hashemites have offset these destabilizing factors by creating additional institutional foundations for the Jordanian state. Jordan's system of government ensures a strong central role for the monarchy. Security services safeguard the permanence of Hashemite rule and act as the state's ultimate protector, with allegiant regiments recruited from bedouin tribes and loyal, established families. The army is devoted because it occupies a powerful position in Jordanian society, and Hussein ensures that members of key tribes and loyal minorities are distributed throughout the command structure.

Jordan has also maintained ties to external powers that are committed to its survival. Britain underwrote Jordan's economic and security requirements until 1957. The United States then assumed the commitment, providing economic and military aid under the provisions of the Eisenhower Doctrine. In the late 1960s, the Arab gulf states began supplying Jordan with large aid packages. Today Jordan receives support from a variety of sources including the United States, the gulf states, Western Europe and the Far East.

Most crucial, the monarchy has created vested interests in Jordan's survival by co-opting members of prominent families and tribes, who have maintained stability by acting as intermediaries between the state and its citizens. Hussein has neutralized his opponents with state jobs and special privileges. He is famous for pardoning former enemies and offering them good posts in government. He has maintained close links with the army, the tribes, notable families, the civil service and the influential Muslim Brotherhood. All the while, he has used his charisma to his advantage, playing to the hilt the role of Hashemite king. Vast infusions of foreign aid during the oil boom of the 1970s allowed the state to expand its economic role. The result was to make even more Jordanians dependent on government largess. Political crosscurrents emerged, whereby various factions negated each other in competing for bigger shares of the state-controlled dole. Beneath the aura of social cohesion lay tensions between the Jordanian and Palestinian communities.

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WHO IS A JORDANIAN?

IDENTITY is a sensitive issue in Jordan. When Jordan was created in 1921, those who inhabited the East Bank of the Jordan River were considered Jordanians. The arrival of large numbers of Palestinian refugees in 1948, coupled with King Abdullah's annexation of the West Bank in 1950, complicated matters. The Arab populations of both banks were now legally considered Jordanians. Thus was born the ambiguous identity of the Palestinians in Jordan.

Many Palestinians opposed the union of the two banks, but felt that life under the auspices of Jordan was their best option. Palestinians were generally more educated than their East Bank counterparts and had honed their business skills under the British Mandate. When Hussein came to power he worked to ease tensions between East Bankers and West Bankers by co-opting leaders of prominent families and tribes into his government. Although West Bankers complained that development projects favored the East Bank, and Palestinian leaders protested that the armed forces and civil service were staffed chiefly by East Bankers, Palestinians gradually developed interests in Jordan. As the economy grew nearly ten percent a year during the 1960s, even dispossessed refugees experienced improvement in their living standard.

Disenchantment with Arab nationalism after the 1967 war led to the growth of state-centered nationalism and an increase in the size and scope of the Palestinian Liberation Organization. The PLO, founded in 1964, fought alongside the Jordanian army in March 1968 at the Battle of Karamah, helping to defeat an Israeli tank and infantry force. Although it appeared that the Palestinians did little of the fighting, Hussein allowed the PLO to take the lion's share of the credit, boosting the organization's prestige. By 1970, PLO guerrillas presented a serious threat to the Jordanian state.

The civil war of September 1970, dubbed Black September by Palestinians, was a watershed in Jordanian history. More than any other event, the conflict divided the kingdom's population along Jordanian and Palestinian lines. Although some Jordanians supported the PLO, including various army commanders who defected to the

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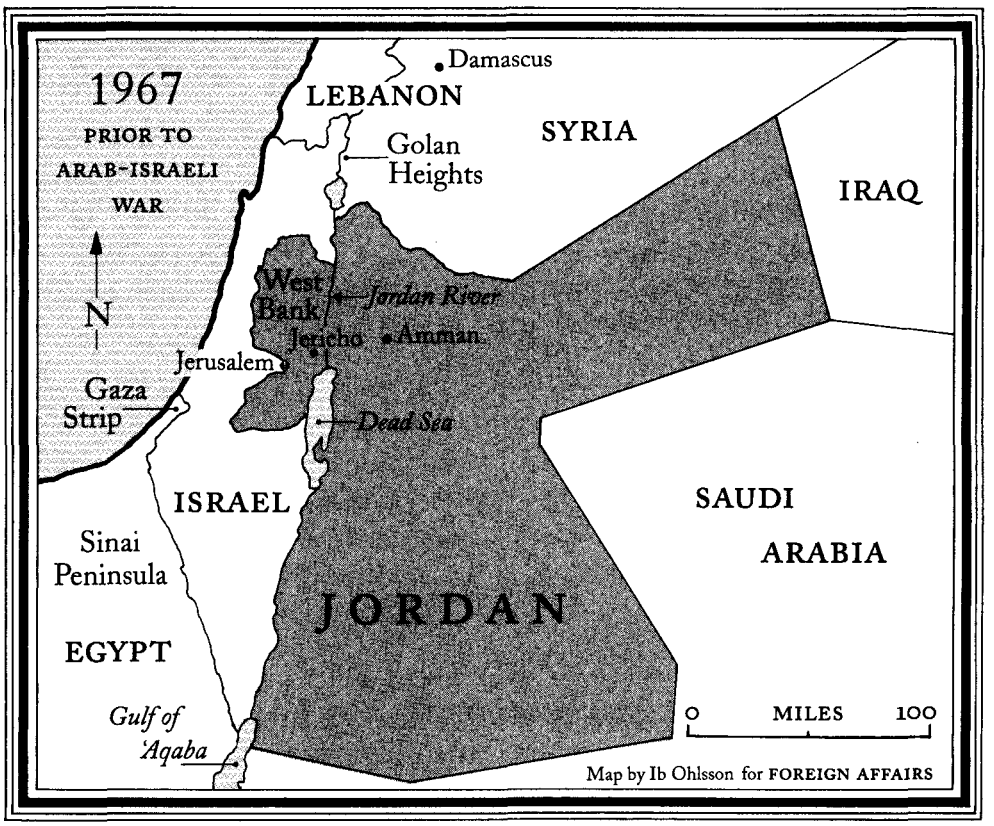

Jordan before it lost the West Bank to Israel in 1967.

guerrillas, most felt that the Palestinians had bitten the hand that had fed them. The Palestinians blamed Jordan for the loss of the West Bank and held Hussein responsible for the deaths of thousands during the civil war. Two distinct nationalisms started to take hold.

A group of advisers close to King Hussein began to articulate an "East Bank first" nationalism. Israel's occupation of the West Bank, and the violent clashes during the civil war, caused these advisers to question the advantages of further involvement with the Palestinians. When the Arab states meeting in Rabat in 1974 declared the PLO the sole legitimate representative of the Palestinians, the nationalists urged Hussein to take the decision to its logical conclusion by disengaging from the West Bank. Some even advocated revoking the citizenship of Palestinians living in Jordan. The nationalists urged Hus-

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sein to implement democratic reforms and consolidate his rule on the East Bank, leaving the intractable Palestinian problem to the PLO.

Hussein, however, refused to break with the Palestinians. First, he felt a personal responsibility for the loss of the West Bank. Not wanting to be recorded in history as the Arab leader and descendant of the prophet Mohammed who lost the holy city to the Jews, Hussein hoped to recover Jerusalem. Second, the king knew that Jordan's ability to get money abroad was contingent on continued involvement in the Palestinian dispute. Since the 1950s, British and American policymakers had questioned Jordan's ability to survive as an independent state but had been willing to support the country for the sake of an alternative homeland for the Palestinians. To disengage from the West Bank could sever the kingdom's economic lifeline, undermining a key foundation of Hashemite rule.

Hussein's decision to remain tied to the Palestinians appeared to have paid dividends by the 1970s. The state was buoyed by the vast increase in oil-generated revenues, which led to an era of unprecedented prosperity. In addition to foreign assistance, the kingdom benefited from remittances from expatriates working in the gulf, income derived from exports of agricultural products and phosphates, and transit fees from the port of 'Aqaba. But uneasiness lurked beneath this facade of affluence. Members of the political elite, including Jordanians and Palestinians, along with various intellectuals and students, began advocating reforms. They argued that Hussein's preoccupation with the West Bank exposed Jordan to regional instability: Jordan was too dependent on external income and had not developed a viable economic infrastructure; there was little investment in industry; the kingdom was becoming increasingly dependent on food imports; and corrupt government officials were profiting as the bureaucracy swelled.

Hussein used the momentum generated by the intifada to sever ties with the West Bank.

The shortcomings of Hussein's policies became evident by the 1980s, when declining oil prices resulted in an economic downturn. More and more people were becoming dependent on a shrinking

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resource base, and the monarch's ability to use state largess to co-opt opponents was diminishing. Hussein was forced to focus on the flagging East Bank economy and answer increasing calls for political liberalization. Finally, the stimulus for a major Jordanian policy reorientation came with the outbreak of the Palestinian uprising in 1987. Just as Jordanian nationalism had developed on the East Bank, an autonomous nationalism had emerged on the West Bank. The Palestinians living under occupation had developed their own structures and institutions of local rule and no longer needed Jordan. Hussein used the momentum generated by the intifada to sever political and economic ties with the West Bank. Jordan canceled a $1.2 billion development plan for the territory, ceased paying salaries to West Bank government employees and issued limited travel passports to Palestinians who had possessed full citizenship. Hussein also eliminated seats reserved in the parliament for deputies from the West Bank, and thereby removed the obstacle to holding parliamentary elections. (Hussein had always justified deferring democratization until the West Bank was recovered.)

In April 1989 the nationalist critique of Hussein's policies was validated when antigovernment riots erupted in southern Jordan. For the first time the Hashemites faced violent opposition from Jordanians who had traditionally formed a bedrock of support in the armed forces and government. Protesting government austerity measures imposed by the International Monetary Fund, the demonstrators sent a clear message that Hussein was losing his grip on the East Bank. The riots also sharpened the line, blurred in the 1970s, that differentiated Jordanians and Palestinians. The Palestinian refugee camps and business community remained quiet during the disturbances, treating the affair as an intra-Jordanian dispute. Hussein responded by calling Jordan's first elections in 22 years. He has since legalized political parties (banned in 1957), lifted martial law (in effect since 1967) and approved a new electoral law changing Jordan's voting system. However, the obdurate Palestinian problem has prevented the emergence of a pluralistic political system.

Disengagement marked Jordan's first step in forging a new relationship with the Palestinians, furnishing the PLO the political space

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it needed to recognize Israel, renounce terrorism and begin a dialogue with the United States. The next step came when Jordan provided an umbrella for the Palestinian delegation at the Madrid peace conference in October 1991, but permitted the Palestinians to articulate their own agenda during bilateral talks with Israel. Jordan's final move was to negotiate a separate peace agenda with Israel in October 1992.

While Jordan and Israel have maintained informal ties since 1967, Hussein refused to make peace before the Palestinians did so. Hussein has, however, established the principles he is pursuing. First, Hussein believes in the need for a comprehensive settlement which has the agreement of all parties concerned, particularly the PLO. Second, Jordanian concerns such as refugees, water, borders, security arrangements and the status of Jerusalem are inextricably linked to the Palestinian issue and cannot be resolved in isolation. Finally, a separate peace with Israel that ignores the Palestine problem could alienate Jordan's Palestinians.

THE PEACE ACCORDS

WHEN THE PLO-Israel accord was signed in September 1993, Jordan was caught by surprise. Hussein, who had been excluded from the secret negotiations in Norway, must now scramble to ensure that his country is not marginalized. Jordan quickly signed the draft agenda negotiated with Israel, which provides a basis for resolving 45 years of hostility between the two states. But the Palestinian self-rule agreement is more worrisome. At stake for Hussein is the economic and political future of his kingdom.

Economically limping, Jordan fears that the international community might directs its aid to the new Palestinian government. Jordan's per capita GNP is lower than that of either the West Bank or Gaza, the unemployment rate is 25 percent and more than 30 percent of the population lives below the poverty line. Although the Clinton administration agreed to release $30 million in aid to Jordan that was frozen during the Persian Gulf War, this sum is trifling when compared to the billions of dollars expected for Gaza and Jericho from the international community.

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Jordan also worries that the new Palestinian entity will maintain close economic links with Tel Aviv rather than Amman. The Palestinian economy in the occupied territories has been integrated into the Israeli economy since 1967, and the PLO may balk at severing ties with Israel. Unless Palestinians living in Gaza—where rejectionist groups like Hamas have wide popular backing—see substantive improvements in their living conditions during the coming months, support for the self-rule agreement could rapidly erode.

Jordan stands to lose if Israel continues to obstruct the entry of Jordanian goods into the West Bank and Gaza. This move could strip Jordan of annual revenues estimated at $300 million. An additional risk is that Palestinians residing in Jordan may invest their capital in the fledgling Palestinian entity, draining reserves from Jordanian banks. There is also talk in Tel Aviv of establishing a free trade zone comprising Israel and the occupied territories, with no mention of Jordan.

Finally, Jordan worries that no provisions are being made for Israeli recompense to the 1.5 million Palestinian refugees in Jordan. Although U.N. agencies provide assistance, the kingdom allots $300 million a year for refugee relief and has spent far more than that on education, health care and welfare services for the refugees since 1948. The contentious refugee issue will remain the greatest obstacle to full peace between Jordan and Israel.

CONFEDERATION?

THE FUTURE of Hussein's relations with the Palestinians is the subject of an ongoing debate in Amman. Although there are worries that factional fighting in Gaza could drive Palestinians to Jericho and then on to Jordan, the hottest topic of discussion is confederation. Jordanian-Palestinian confederation was first proposed in 1972 by Hussein in his plan for a United Arab Kingdom encompassing both banks. The Palestinians rejected the idea, fearing they would become the junior partners in a Jordanian-led alliance. Today the PLO is in a better position to exert influence over the affairs of such a confederation.

Hussein is treating the confederation issue with caution, preferring to wait until discussions begin in two years on the final status of the

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occupied territories. He is insisting that confederation presupposes two sovereign states, and the Palestinians must first achieve statehood before a binational federation is discussed. But the issue he has always been uncomfortable addressing—distinguishing Jordanians from Palestinians—may soon force its way to the fore. The nationalists, who are an informal lobby rather than an organized group, will urge Hussein to pull away from the PLO and possibly make Jordan's Palestinians choose allegiances. Swamped by influxes of Palestinians in 1948, 1967 and after the Gulf War, nationalists fear that Jordanians could become a minority in their own country. Hussein's Palestinian supporters, on the other hand, will lobby for maintaining the status quo and against widening the gap between Jordanians and Palestinians.

Hussein is insisting that Palestinians must first achieve statehood before confederation is discussed.

Many nationalists are opposed to confederation. First, they ask whether it is in Jordan's interests to incur defense obligations on behalf of a Palestinian entity, which almost certainly would be demilitarized. Jordan has no reason to be forced into a possible confrontation over the Palestinians with Syria or Israel. Second, they believe that Jordan could become embroiled in intra-Palestinian disputes. Jordan has enough trouble with its own Islamists and does not need problems with Palestinian groups like Hamas and the Islamic Jihad. Finally, continued involvement with the Palestinians would only reinforce the Israeli Likud Party's claim that "Jordan is Palestine."

The nationalists say that it would not be difficult to break with the Palestinians because Jordan already started the process in 1988. Although no specific proposals have been discussed publicly, many nationalists would probably favor asking Jordan's Palestinian community to choose either the Jordanian state or the PLO as its legal representative. For those who opted for Yasser Arafat, an arrangement similar to the right of permanent residence in the United States could be implemented. They would continue to live and work in Jordan, but they would not participate in elections, hold political office or serve in the military. Even as nationalists say they are not trying to expel anyone from Jordan, they cannot quite see why Jor-

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dan's Palestinians should enjoy the benefits of Jordanian citizenship while pledging allegiance to Palestine.

The Palestinian community is wary of the Jordan-first agenda. They feel it was their remitted earnings from the gulf and investment in Jordan that brought about the rapid development of the 1970s. They argue that Palestinians control much of the capital deposited in Jordanian banks and manage most of the country's commercial enterprises. If Palestinians invest their money elsewhere, the Jordanian state, which is suffering financially because of its support for Baghdad during the Gulf War, could face a major crisis. Besides, they add, Palestinians form the bulk of Jordan's population and should have a greater say in the country's future.

It is often asserted that the Palestinians comprise approximately 60 percent of Jordan's population. This figure, however, is disputed and has not been confirmed by reliable census data.[1] Even if the Palestinians clearly represented a majority, their community and political sympathies in Jordan are not monolithic. Some Palestinians, particularly members of the political elite and the business community, identify themselves as being of Palestinian origin but profess their allegiance to King Hussein. Others, including many refugees who arrived in 1967, treat their stay in the kingdom as temporary and consider Arafat their leader.

THE STAKES

To WHICH of his competing constituencies Hussein tilts will affect Jordan's political orientation in the coming years. Herein lies the source of the dilemma that has conditioned Hussein's policies since the 1950s. If Hussein were to renounce his responsibility for the Palestinians, Jordan could lose the economic sustenance it needs to maintain domestic stability. And if, after severing links with the West Bank, Hussein responds to calls for democratic reforms on the East Bank, he would face the prospect of diminished monarchial power. Critics say that since the Hashemites are not originally from Jordan,

[1] See Valerie Yorke, "Exploding Jordan's Demographic Myth," *Middle East International,* April 16, 1988, pp. 16-17.

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Hussein will turn to any group that gives him legitimacy. If Hussein inclines toward the Palestinians, he could jeopardize the structures that have underpinned Jordan since its creation. If he accepts confederation with a Palestinian entity on the West Bank, he could become the Hashemite leader of a de facto Palestinian kingdom.

It is not likely that Hussein will cast his lot with the Palestinians if it means alienating the Jordanians on whom he depends. An emasculated but unified kingdom on the East Bank could be a better bet for Hussein than a larger, but more unstable, confederation with the PLO. If the Palestinians achieve statehood, he may be forced to take the divisive step of asking Palestinians in Jordan to choose loyalties. However, Hussein will probably avoid such a move.

Until Hussein has to take a stance, he is likely to choose the middle ground. If it looks as though the PLO is able to control the radical factions and consolidate its control over the autonomous government, Hussein will consider the advantages of confederation. In the meantime, he will call on his citizens to close ranks and adopt a posture of national unity. Hussein will also maintain close ties with Damascus, which controls the Palestinian rejectionists threatening the peace accord, and will not sign a peace that ignores Syria.

The middle ground may be the best place for Hussein to be. Among Jordan's Palestinians, there is a discernible lack of enthusiasm for a settlement that gives limited control of a sliver of Palestine to a small number of Palestinians. Arafat has been condemned as a traitor by some, and black flags of mourning flew over refugee camps when the news of the PLO-Israel rapprochement was announced. Arafat's political reincarnation on the White House lawn is viewed as a sell-out by the 1948 generation. Furthermore, Hussein's stance during the Gulf War won him unprecedented popularity among Palestinians. He is more acceptable to some Palestinians than Arafat.

A lasting peace in conjunction with democratic institutions seems to offer the best long-term guarantee of Jordan's future. However, until the future of the Palestinians becomes clearer, Hussein may slow the pace of democratization, although he has decided to go ahead with November parliamentary elections. Further opening of the political process will have to wait until the issue of confederation is resolved.

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Another factor militating against further reforms is the growing power of the Islamic movement. The well-organized Muslim Brotherhood swept the 1989 elections and is the most vociferous opponent of Jordan's participation in the peace process. The brotherhood presents no military threat to Hussein, but could be instrumental in mobilizing popular reaction against a settlement with Israel.

THE FUTURE OF JORDAN

REGARDLESS OF the way the self-rule accord plays itself out, the foundations of the Jordanian state are intact and are likely to remain so. The system of government left in place by Britain still functions today. Liberalization has served as a safety valve for the state, permitting grievances to be expressed in a public forum, but all substantive decisions are still made by the palace. The security apparatus is effective, and the armed forces are unswervingly loyal. Jordan is not a client of any single external power, but has created interests in its survival among various regional and international actors. There are signs that the aid Jordan lost during the Gulf War may begin flowing again from the West and the gulf states. Even Israel, Jordan's supposed enemy, has built up a strong interest in the maintenance of a stable Jordan on its eastern flank. Syria and Iraq, too, have interests in containing conflict that could spill over Jordan's borders. Moreover, despite Jordan's economic predicament, the king has used his economic power to create a widespread and self-perpetuating reliance on, and identification with, the state.

The Hashemites have thus worked hard to ensure that they have a place in any new order that comes with peace. Although democratization implies a decrease in power for the throne, the Hashemites have a way to go before they become a titular monarchy like that of Britain or Sweden. The king will remain the ultimate arbiter of disputes, an eventuality guaranteed by the recent promulgation of the Mithaq al-Watani, or National Charter, which promises political pluralism to Jordan's citizens in return for support of the monarchy.

Even though Hussein has become synonymous with the monarchy, questions about his health do not darken its prospects.

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Although a Jordan without the king is difficult to contemplate, Hussein has left a strong base for his successor. His brother, Crown Prince Hassan, although not as charismatic or popular as Hussein, nevertheless enjoys the support of many Jordanians. It appears that Hassan would enjoy a smooth succession to the throne. Whoever rules Jordan, the country Winston Churchill boasted he created "on a Sunday afternoon," is here to stay. Although Jordan may incline toward the Palestinians, writing its political obituary is premature. As King Hussein once declared, "Jordan did not begin with me, and it will not end with me."

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The Rise of China

Nicholas D. Kristof

THIS TIME IT IS REAL

THE RISE OF CHINA, if it continues, may be the most important trend in the world for the next century. When historians one hundred years hence write about our time, they may well conclude that the most significant development was the emergence of a vigorous market economy—and army—in the most populous country of the world. This is particularly likely if many of the globe's leading historians and pundits a century from now do not have names like Smith but rather ones like Wu.

China is the fastest growing economy in the world, with what may be the fastest growing military budget. It has nuclear weapons, border disputes with most of its neighbors, and a rapidly improving army that may—within a decade or so—be able to resolve old quarrels in its own favor. The United States has possessed the world's largest economy for more than a century, but at present trajectories China may displace it in the first half of the next century and become the number one economy in the world.

The only group that is paying serious attention to China's long-term prospects is the business community. Chief executives regularly whirl through Beijing and Guanzhou, and they are almost inevitably dizzied by the ubiquitous construction sites, the glitzy discos, the miniskirted prostitutes. They gush about how China's cur-

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NICHOLAS D. KRISTOF was Beijing Bureau Chief for *The New York Times* from 1988 to 1993 and is currently writing a book about China with his wife, Sheryl WuDunn.

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rent economic revolution is the most important business trend they have ever seen and how they want to be a part of it, but they ignore the tectonic strains that can be expected in the years ahead. Almost nothing is so destabilizing as the arrival of a new industrial and military power on the international scene; consider Japan's history in this century or Germany's in the decades leading up to World War I.

There is still a significant possibility that China will never manage an economic takeoff. All kinds of things can go wrong, and economic trajectories are almost impossible to predict. Four decades ago, for example, the two countries in Asia that seemed to have the best economic prospects were the Philippines and Burma; ever since, they have been the laggards of the region. China must leap enormous hurdles, for its leaders face a crisis of legitimacy as well as a generational transition in the next few years (assuming that 89-year-old Deng Xiaoping is mortal). The central government rules territories—such as Tibet and Xinjiang—inhabited by ethnic minorities who yearn for independence. The government still has not dared to expose much of the huge state sector (accounting for about half of industrial production) to the cruelty of market forces, and when it does it could face strikes and revolts by disgruntled workers. Military coups, chaos and even civil war are all possibilities in China over the next dozen years. Yet there appears to be at least a realistic possibility that China will be able to sustain its boom for decades to come, and it would be foolish—and perhaps dangerous—to neglect this likelihood.[1]

Yet the international community is not giving adequate consideration to the colossal implications—economic, political, environmental and even military—of the rise of a powerful China. It is fashionable these days for people to express wonderment at how the changes underway in China are breathtaking, but there is very little specific

[1]It should also be noted that China has become sufficiently interconnected with the rest of the world that even if it falls apart it could have disastrous consequences. The last time China fragmented, in the years following the collapse of the Qing Dynasty in 1911-12, the local warlords did not have nuclear weapons. Next time, they may. Moreover, any major chaos in China could produce a wave of emigration such as the world has never seen. This deluge of up to tens of millions of boat people would impose a heavy burden on Japan, Southeast Asia and even the United States. In other words, even in failure China could be hugely important.

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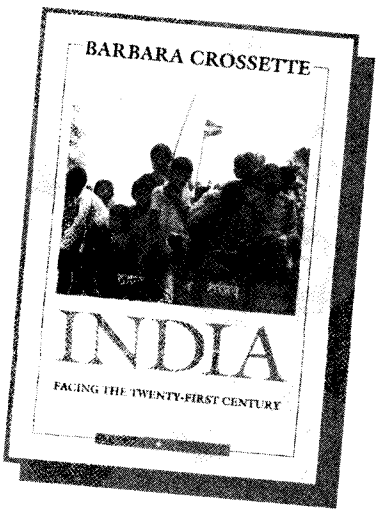

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analysis of the economic, environmental and military effects of China's growth. Nor is there much analysis of whether China's attempt to expand its influence reflects the hostile intentions of an aggressive regime or is simply the natural consequence of rising power. The answer is crucial to determining the world's response to China.

THE ECONOMIC GIANT

FOR MOST OF RECORDED history, China has been more developed, prosperous, sophisticated and civilized than the West. It is only in the last 500 years that Europe managed to pull ahead, and yet since the early nineteenth century we have often seen China's backwardness as inevitable. This smug condescension was expressed most arrogantly by Ralph Waldo Emerson when he rather brutally described China as a "booby nation" that did not compare with the great civilizations of the world: "But China, reverend dulness! hoary ideot! all she can say at the convocation of nations must be—'I made the tea.'" The problem is that 500 years is the blink of an eye in the Chinese time frame. The Eastern Zhou Dynasty lasted almost that long, and who in the West has ever even heard of the Eastern Zhou Dynasty? A country's fortunes can change very quickly, as Japan and South Korea have shown, and China now is on a road that could restore it to its original greatness.

The conventional wisdom is that the world economy these days is tri-polar, revolving around the United States, Japan and the European Community (particularly Germany). This is true in terms of financial markets, such as stock investing and currency trading. But in terms of global trade, market size and sheer economic bulk, China is becoming a fourth pole in the international system. This is particularly true when one looks at "Greater China," consisting of the People's Republic, Hong Kong and Taiwan. According to World Bank projections, Greater China's net imports in the year 2002 will be $639 billion, compared to $521 billion for Japan. Likewise, using comparable international prices, Greater China in the year 2002 is projected to have a gross domestic product of $9.8 trillion, compared to $9.7 trillion for the United States. If those forecasts hold, in oth-

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One of China's nouveau riche.

er words, Greater China would not just be another economic pole; it would be the biggest of them all.

Of course, this growth is a function of population increase alone, and we shouldn't get carried away by what it means. China is still a country of poor people; it just has a lot of them. During my five years in Beijing, I often encountered giddy American business executives passing through for their first date with the Middle Kingdom. Their tendency to extrapolate ("if every Chinese consumed as much of our product as the average Australian does now, we would double our global sales . . .") reminded me of the British industrialists a century ago who calculated that if every Chinese added just one inch to his shirt tail, the mills of Lancashire could be kept busy for a generation.

One hundred years later the Chinese would come to afford longer shirt tails, but they would do so by manufacturing their own shirts—in sufficient quantities that they threaten to idle the West's great textile mills. China's present economic boom started in about 1978 and

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has since resulted in real annual growth averaging about 9 percent per year. It is not slowing down: in 1992, GNP grew by 12.8 percent, and this year 13 percent growth is predicted. Such a pace is dangerously overheated, but its sheer speed is staggering.

The economy will have to cool down for the next year or more, and in any case diminishing returns are likely to set in eventually as the economy becomes more efficient and sophisticated. But by and large the Chinese economy still has plenty of steam left in it. Some economists believe that if China enjoys political stability, and if the global trading system remains open to its exports, China could rack up 7 percent or 8 percent growth rates for at least another couple of decades. At an 8 percent clip, an economy quintuples in size every 21 years.

Already, China is much wealthier than statistics often show. Officially, per capita GNP is still only about $370 per year, but this figure is not very meaningful. The World Bank this year used two different approaches to purchasing power parity to derive GDP figures at internationally comparable prices. One method resulted in per capita GDP of $1,680, the other of $2,040. Because the data are of poor quality, the only thing that is certain is that the Chinese live much better than the official statistics would suggest.

GROWTH WITH CHINESE CHARACTERISTICS

ONE OF THE GREAT uncertainties of China's economic takeoff, if it can be sustained, is what the environmental price will be and who will pay it. To the extent that China industrializes by dirtying its own air and fouling its own water, that is perhaps its right. But matters get a bit more complicated when China's economic miracle produces acid rain that destroys Siberian forests, or when it contributes to global warming that causes the seas to rise and inundate Bangladesh.

As it industrializes, China will require a dramatically larger share of world resources. In 1992, China unseated the United States as the leading buyer of gold, and the Chinese construction boom has caused a global scramble for certain kinds of steel. In coming years, China can be expected to use more of everything, especially energy. For now China uses relatively little energy, although it uses it inefficiently. In

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1991, per capita consumption of energy in China was only 602 kilograms of oil equivalent, compared to 7,681 kilograms of oil equivalent in the United States. If, within a few decades, each Chinese uses as much energy as every South Korean does now, then China will use more energy than the United States.

In other words, a steady increase in China's industrialization would place a huge new strain on global energy supplies. This is particularly true because China is running out of oil—at least the kind that is easily exploited. Older oil fields, such as Daqing in the northeast, are running low, and it is unclear whether new fields are as promising as China says. China describes the Tarim Basin in the northwest as virtually another Saudi Arabia, and it has also brimmed with optimism about the South China Sea. But the Tarim Basin will require construction of a long and expensive pipeline through rugged terrain. In the meantime, Beijing is likely to become a net oil importer within a couple of years.

Most of China's energy comes from coal, particularly soft, high-sulfur, highly polluting coal. In 1991, Chinese polluters emitted 11 trillion cubic meters of waste gases and 16 million metric tons of soot. The sulfur in the coal also causes acid rain, which travels across international borders to attack forests far away in Siberia or Korea. Some experts believe that China will become the world's largest source of acid rain by the year 2010.

Perhaps the biggest worry of all, at least for Americans and Europeans, may be China's contributions to global warming. Chinese burning of coal releases carbon dioxide, the most important of the greenhouse gases that are suspected of trapping heat around the earth's surface. The greenhouse effect could, in turn, lead to climate changes, a rising of the oceans and inundation of coastal areas around the globe.

In 1950, China produced carbon dioxide amounting to less than 22 million metric tons of carbon. By 1986, that had risen to 554 million metric tons—and the figure was rising by more than 25 million metric tons a year. At last count, China ranked third in emissions of greenhouse gases, behind the United States and the former Soviet Union. But it is the fastest-growing emitter of greenhouse gases. The Stockholm Environment Institute calculated that if China's

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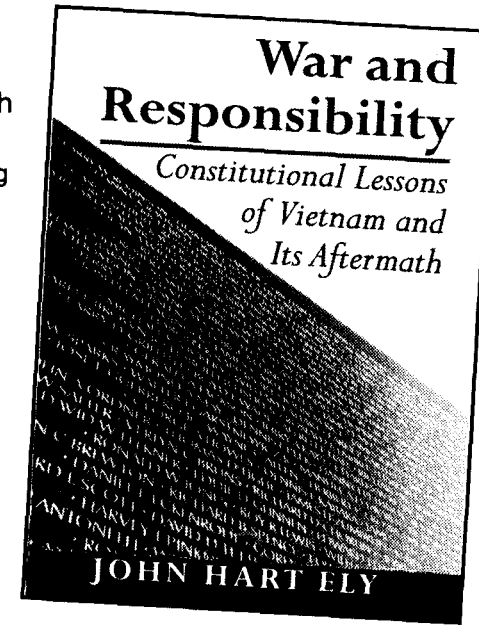

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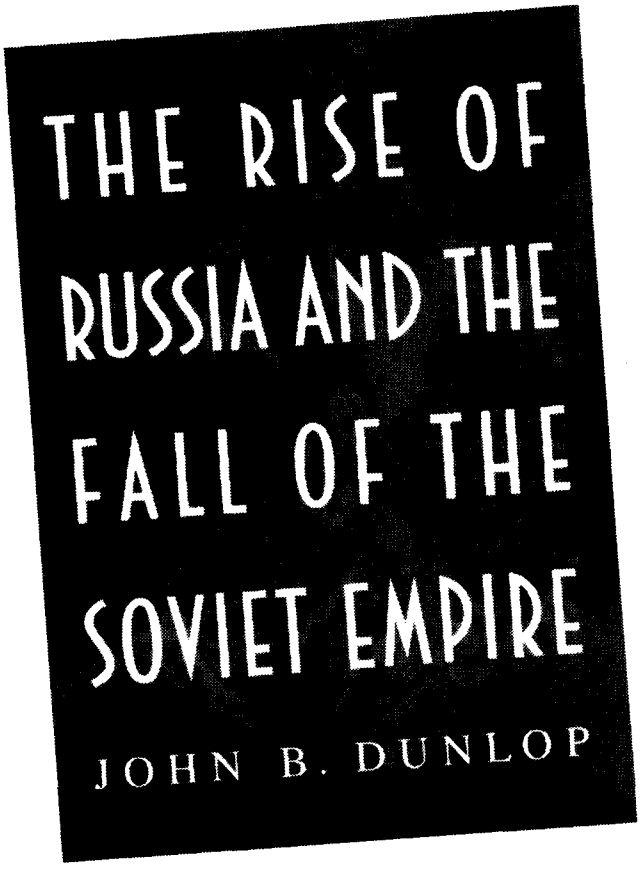

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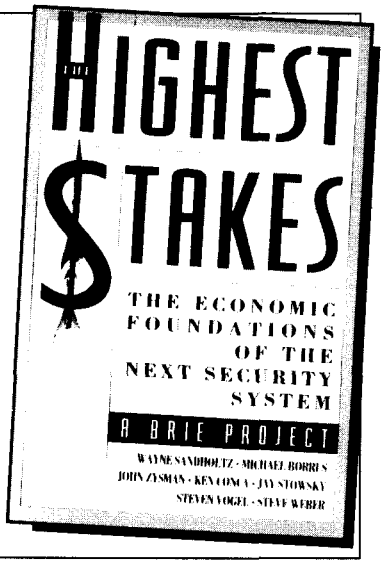
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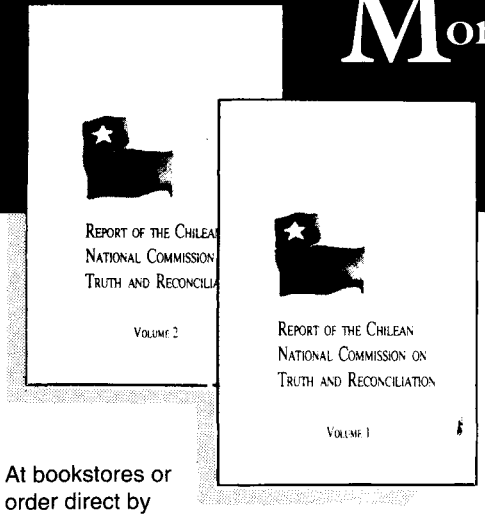
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economy grows 8.5 percent a year for the next three decades, then by the year 2025 China will produce three times as much carbon dioxide as the United States. In one sense that is perfectly fair, since China will have far more than three times America's population. In fact, while China is the third-largest contributor of greenhouse gases, it does not even rank among the top 50 countries in terms of per capita emissions. On a per person basis, every American churns out nine times as much greenhouse gas as every Chinese. And even if China eventually does become the largest emitter of such gases, that is understandable, since China has the largest population in the world. But it is discouraging for other countries, for while the West is making efforts to curb greenhouse gases China is blithely going ahead as it always has. Chinese officials make it clear that they will not sacrifice economic growth for the sake of the environment—their own or the world's.

KEEPING THE GUNPOWDER VERY DRY

WHILE MOST COUNTRIES have been cutting military budgets over the last five years, China has been using its economic boom to finance a far-reaching buildup. It seeks the influence of a great power, as well as its wallet. Thus the People's Liberation Army has purchased fighter aircraft and other equipment from the former Soviet Union, introduced new classes of naval vessels, and in some cases taken a more aggressive posture toward its border disputes with other nations.

The officially disclosed military budget is a bit of a joke, for it does not even include sums spent on weapons procurement or on research and development. Yet, however misleading the official figure is, it is worth noting that between 1988 and 1993 it leaped 98 percent, to $7.5 billion. In the same period, inflation rose only 32 percent. As a very crude benchmark, total military spending—including off-budget items—is around $18 billion this year. If that is adjusted to reflect equivalent purchasing power in the West, total military spending in international prices is much higher, perhaps as much as $90 billion. These figures are too imprecise for exact comparisons, but such a military budget would be one of the highest in the world. Just as

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important, it reflects a rising share of a rapidly rising GNP.[2]

China has used the money to bolster its ability to project power beyond its borders. Last year it purchased 26 SU-27 fighter jets from Russia, and it is expected to buy another dozen or more. China has also reportedly bought SA-10s—a missile similar to the American Patriot, but perhaps not as sophisticated—from Moscow. By some accounts it is also negotiating for the purchase of up to 79 MiG-31 fighters, which would be built in China's Guizhou Province in a cooperative arrangement with Moscow. China has acquired air refueling technology, apparently from Pakistan and Iran, and is believed to have converted some bombers into tanker aircraft. It is working on training pilots and crew so that by the year 2000 the air force may have a significant fleet of fighter planes and bombers that can be refueled.

China has been using its economic boom to finance a far-reaching military buildup.

Perhaps the biggest symbol of China's new interest in projecting power is its desire to have an aircraft carrier. After browsing at a Ukrainian carrier under construction, the *Varyag*, China has apparently decided to look elsewhere—either to build its own or to buy another. But last year then-President Yang Shangkun confirmed in a secret speech to military officials that the leadership had already decided in principle to acquire an aircraft carrier. The aircraft carrier may reflect China's aspiration to develop a blue-water navy of ocean-going vessels, rather than just coastal ships. This naval expansion has attracted less attention than the air-force modernization but it is at least as significant. The new Jiangwei class of frigates, the Luhu class of destroyers and the newly upgraded version of the older Luda class destroyers are all formidable

[2]The figure was derived as follows. The World Bank official figure for 1991 per capita GNP in China is $370. The bank's two estimates of 1991 per capita GDP in international prices are $1,680 and $2,040. The average of these is $1,860, which is 5.03 times the official figure. If one takes this multiplier, 5.03, and uses it with the $18 billion estimate for military spending, the product is about $90.5 billion. But it should be emphasized that these numbers are shots in the dark. The multiplier for the military budget may be less than for GDP as a whole because services and labor costs—both very cheap in China—may account for a larger share of the overall economy than of military expenditures.

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vessels, especially given the weaponry of the other powers in the region. A Jiangwei frigate might not intimidate an American admiral, but it looks quite unnerving to a Vietnamese.

One of China's most puzzling forays abroad is its apparent deal with Burma to develop two islands in the Indian Ocean as observation posts—and perhaps eventually as some kind of a naval base. China has no traditional interest in the Indian Ocean, but in 1985 it sent the navy on a cruise through the area, with port calls in Pakistan, Sri Lanka and Bangladesh. If China really is trying to acquire a naval base in Burma, that would be a major stride toward a blue-water navy, and a significant concern for other countries in the region.

This buildup has to be kept in perspective. Chinese military spending probably accounts for only about 4 percent of GNP, compared to 5 percent in the United States. Moreover, Chinese skills and technology start at such a low level that its army may not even be a match for Taiwan's, let alone the West's. An aircraft carrier and aerial refueling will help, but it may be a decade before China figures out how to use its new skills and equipment effectively.

CHINA'S NEXT WAR

THE MOST LIKELY site for a war is probably the South China Sea, which China claims as its own 1,000-mile long pond. This huge sea, encompassing the Paracel and Spratly Island groups, covers major international shipping routes, including those that carry oil from the gulf to Japan. The area is also claimed in part by Vietnam, Malaysia, Brunei, Taiwan and the Philippines.

China and Vietnam have fought naval battles in the area in 1974 and 1988, and the danger of a more decisive conflict may be growing for two reasons. First, some experts believe that there are extensive oil and natural gas deposits in the area, enhancing its appeal. China itself has estimated that the South China Sea floor contains 105 billion barrels of oil, an extravagant guess that it has since backed away from. But even vague hopes that the area is so bountiful will encourage Beijing to use force to control the sea. Second, China has always regarded the area as its own, but it is only now gaining the ability to enforce

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its view. The Chinese armed forces have extended a landing strip on Woody Island, the largest of the Paracels, so that it is now 2,600 meters long, thus creating a staging ground for any conflict. More ominously, China last year awarded exploration rights for a disputed part of the sea—an area that Vietnam insists is part of its continental shelf—to Crestone Energy Corporation, an American oil company. The head of the company told me he was promised the full backing of the Chinese navy in exploring the area.

Another possible flash point is the Taiwan Strait, particularly if Beijing grows more confident about its military capabilities. China has repeatedly promised that it will use military force if Taiwan declares itself an independent country, and I think we should take Beijing at its word. Moreover, Taiwan is now taking the first tentative steps toward what might be construed as de facto independence—such as campaigning for membership in the United Nations—and the ruling Nationalist Party in Taiwan may be beginning to crumble. Taiwan is expected to hold its first direct presidential elections in 1996, and it is remotely possible that the Nationalists will lose. If that were to happen, and if the new president were to favor independence, there would be great pressure in Beijing for intervention against Taiwan. Such a course of events is not likely because the consequences would be disastrous for both sides. But it is a reminder that there is a continuing risk, and perhaps a growing one, of a clash in the Taiwan Strait.

The other possibilities for war seem much more remote. China and Japan, for example, quarrel over ownership of a group of islands to the northeast of Taiwan. Indeed, there is not even agreement on what to call the islands. China calls them the Diaoyudao, Taiwan says they are the Diaoyutai, and Japan calls them the Senkakus. For now, cool heads are prevailing on all sides, but Japanese and Chinese nationalists may try to force the issue.

WHOSE FAULT IS IT ANYWAY?

THERE IS A TENDENCY abroad to find fault with China for building up its army, bullying its neighbors and corroding the environment. This is unfair. What China is doing is in most cases perfectly natur-

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al, and even its territorial and military aspirations are reasonable. Any Chinese government, even a democratic one, might well follow similar policies, and any Chinese leader would be attacked at home for giving up claims to Taiwan, the South China Sea, the Diaoyudao or Hong Kong. China is not coveting territories with which it has no link, nor is it claiming some kind of Monroe Doctrine to police the region. The dispute over the South China Sea, for example, is enormously complex, and China can cite some historical ties to the area dating back hundreds of years.

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Part of the problem is that China lost significant amounts of its territory over the last century and a half, in periods when it was weak. Any country in such a position would yearn to recover at least some of its land, and China by and large has been fairly reasonable in its demands. Since the end of the Cultural Revolution, for example, it has not demanded the return of the lands taken by Russia in the nineteenth century, nor has it sought the return of Mongolia. Even in the case of the South China Sea, the foreign ministry is making reasonable, cooperative noises at the same time that the navy is sounding more jingoistic. This divide between foreign ministry doves and military hawks may become more evident in coming years. The foreign ministry already has an important role, namely building warm relations between China and the rest of the world. But the army is searching for a new role following the decline of the Russian threat, and so to maintain its own prestige and influence, it is forging for itself a new identity as protector of China's economic and political interests in the South China Sea and other disputed areas.

When they have been cheated, weak nations cite principles while powerful nations invoke artillery. This is as natural today as it was when the Athenians explained international relations to the Melians more than 2,400 years ago: "The strong do what they can and the weak suffer what they must." China is now in the process of transforming itself from a weakling to one of the strong. It will have the opportunity to do what it wants instead of what it must.

It is entirely understandable that China would want a blue-water navy, that it would seek a more powerful international role, because that is what great powers are supposed to do. China perceives a power vacuum in the Pacific as Russia and the United States retrench, and it wants to expand its interests there. For a nation that has always felt profoundly insecure, nothing makes more sense than a spanking new aircraft carrier as a symbol that it has made it. India already has two aircraft carriers—although they are not of much use—and China's leadership resents the fact that the West objects to it having even one. Likewise, for all the concern about China's military buildup, the People's Liberation Army is actually cutting the number of its troops from the present level of about three million. Such cuts will, however,

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improve the army's effectiveness, for they will free funds for much-needed equipment and training, and even after the cuts China will still have ten times as many soldiers as Japan.

The one area where China has been indisputably irresponsible is in arms sales. The evidence is overwhelming that it has sold M-11 missiles, or at least the technologies to make them, to Pakistan. The M-11 can carry nuclear warheads about 300 kilometers and adds to the risk of a war on the Indian-Pakistani border. China has also helped Algeria, in suspicious circumstances, build a nuclear power plant, and there are profound concerns about Chinese assistance to Iran's putative nuclear and chemical weapons program. On the other hand, China is not alone in being irresponsible. Almost all countries, including the United States, France and Japan, have engaged in dubious transfers of weapons and technologies. For its part, China sells far fewer weapons than does the United States or Russia.

GROWING PAINS

GROWTH IS DESTABILIZING. To understand the problems that erupt from the rise of a new power, we need not look only at Bismarck's Germany or Tojo's Japan. The rise of the United States a century ago is also a cautionary lesson, for, from the perspective of Latin America, the economic takeoff of the United States also led to a bullying of the neighborhood. It may well be, however, that dictatorial and insecure nations make the worst great powers. There was widespread suspicion, for example, of Germany's rise in the years before World War I, of Japan's rise before World War II, and of the Soviet Union's rise after 1945. In each case, the suspicions had a good basis, but these suspicions also reinforced the paranoia and hostility in Germany, Japan and the Soviet Union. Now, history may repeat itself, for there is a growing suspicion in Asia and abroad about China's intentions and aspirations.

For a reminder of the dangers, it is helpful to remember the experience of another great nation that possessed a great civilization and yet had been humbled in conflicts with its neighbors. Germany was humiliated by the Napoleonic invasion and by the way it was left

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behind in the scramble for colonies abroad. Under Bismarck, the country enjoyed the beginnings of an economic boom and industrial revolution that whetted its appetite for more power and prestige. Yet Bismarck himself had limited ambitions, wanting to maintain the "concert of Europe," not overturn it. It was only after Bismarck was ousted in 1890 that Germany, under Wilhelm II, became more greedy. Wilhelm pursued a rapid arms buildup, including the establishment of a blue-water navy, that gave Germany new opportunities to redress the injustices that it felt had been done to it. Feeling its new strength, Germany jockeyed for a place at the head table of nations. The result, to condense a long and complex saga, was World War I.

There are huge differences, of course, but China shares with turn-of-the-century Germany the sense of wounded pride, the annoyance of a giant that has been battered and cheated by the rest of the world. Beginning with its defeat in the Opium War 150 years ago, China lost chunks of territory to its neighbors, and it has never enjoyed the international respect that it craves. Yet now it is undergoing an industrial revolution and arms buildup that within a decade or two will allow it to avenge these wrongs. Deng Xiaoping is in many respects like Bismarck, seeking strength and modernization, but without trying to overturn the entire balance of power. The risk is that Deng's successor will be less talented and more aggressive—a Chinese version of Wilhelm II. Such a ruler unfortunately may be tempted to promote Chinese nationalism as a unifying force and ideology, to replace the carcass of communism. For all the differences between China and Germany, the latter's experience should remind us of the difficulty that the world has had accommodating newly powerful nations.

Internal Chinese documents, circulated among senior Chinese officials, underscore the paranoia and sometimes irrationality at the highest levels of the Chinese government. "One cold war has ended; two more are beginning," one such document declared last year. "The Sino-Soviet Cold War has ended, but the confrontation and battle between the two systems and the two ideologies continues to rage." Another document explained that the fall of communism in Eastern Europe was nothing but the outcome of a careful plot by the United States. A classified analysis earlier this year warned: "The United

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States may be running out of energy, but it has never abandoned its ambition to rule the world, and its military interventionism is becoming more open." This sense that it is under assault from the West has caused China to make serious policy misjudgments, including its threats to seize Hong Kong before 1997. This feeling of encirclement also partly explains China's escalation of military spending.

Whoever is in power in China, Beijing will often seem to us to be prickly, mulish and fiercely independent—France cubed. China may sometimes appear to be thumbing its nose at the West, but such behavior in many cases reflects a profound insecurity that is unlikely to change any time soon. Insecure nations, like insecure people, get very touchy and resist guidance from others. Moreover, we must realize that the landscape looks very different in Beijing than in Washington. From the U.S. point of view China's leaders often seem like thugs in the way that they lock up dissidents, suppress Tibet, bully Hong Kong and peddle missiles. From Deng Xiaoping's perspective China is merely preserving stability and territorial integrity, as well as supplying relatively modest amounts of weaponry to friendly nations. From Deng's point of view the United States is the thug: inspiring "traitors" with Voice of America broadcasts, encouraging rebellion in Tibet, leading the way in weapons proliferation and even allowing plutonium to get into the hands of really dangerous countries like Japan. From Beijing's perspective, it is Washington that betrayed the bilateral relationship by abandoning a nonjudgmental friendship based on mutual interest and respect. Instead, the United States openly favored the Tiananmen "counterrevolutionaries" and then had the gall to complain when they were crushed. Of course, we do not need to agree with Beijing and we may still regard it as a brutal and self-deluded paranoiac. But the first step in dealing with China is to understand why it acts as its does and to recognize that the gulf between us is real—in interests as well as perceptions. A less repressive regime would ease the problems in the Sino-U.S. relationship but it would not end them. China will continue to give us migraines.

China is not a villain. It is not a renegade country, but rather an ambitious nation.

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Western hostility toward China encourages the paranoia and strengthens the domestic political position of the paranoiac. Consequently, such hostility is counterproductive, as well as wrong. We should be skeptical of Chinese intentions, without falling into hostility. We should maintain a dialogue with China, even if the tone is not always cordial. We should regard China as a complex and contradictory nation, one likely to be alternatingly partner and adversary.

China is not a villain. It is not a renegade country like Iraq or Libya, but rather an ambitious nation that is becoming the behemoth in the neighborhood. One of the oldest problems in international relations, ever since the rise of Assyria and Sparta, has been how the international community can accommodate the ambitions of newly powerful states. It is rarely a question of right or wrong, but rather of the instability that is inevitable as the previous military, economic and political balance must be recalibrated. If China is able to sustain its economic miracle, then this readjustment of the scales will be one of the most important—and perhaps dangerous—tasks in international relations in the coming decades. "The size of China's displacement of the world balance is such that the world must find a new balance in 30 to 40 years," Lee Kuan Yew, the former Singaporean prime minister, said earlier this year. "It's not possible to pretend that this is just another big player. This is the biggest player in the history of man."

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The Asianization of Asia

Yoichi Funabashi

SEARCHING FOR A NEW IDENTITY

ASIA HAS AT LONG LAST started to define itself. Asian consciousness and identity are coming vigorously to life. Western nations are increasingly impressed by the economic power and political gravity of the region. But Asia's success in the far-ranging and relative terms of global competition should not obscure those forces, in internal and absolute terms, now authoring a cohesive Asian worldview. The emerging Asian worldview is not one of imperialist pretensions, ideological fervor, totalitarian paranoia or superpower hubris—those ideas are viewed as retrogressive approaches that fractured the region for most of this century. The Asian consciousness is animated by workaday pragmatism, the social awakening of a flourishing middle class and the moxie of technocrats, although still tinged perhaps by anticolonialist resentment, racism and indifference to civil liberties.

This new Asian identity has social, cultural, economic and political implications. After decades of reserve on the international stage, Japan is now poised to assume a permanent seat on the U.N. Security Council, which would raise its diplomatic profile and influence. Efforts by Indonesian President Suharto to sustain and rejuvenate a post-Cold War version of the Nonaligned Movement bespeak a regional confidence and desire for autonomy. So does the conflict between Asia and the Western nations at the U.N. convention on human rights this year in Vienna. It made some participants, like

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PHOTOGRAPH BY PHILIP GORDON, REA/SABA

Very modern, very Asian.

Singapore Foreign Minister Wong Kan Sen, realize the extent of their Asianness for the first time. A few Asian nations, including Japan and Korea, supported the stand for universal rights taken by the United States and European countries, but India and the Philippines, two Asian democracies, were among those who argued that human rights must be considered in the context of the right to economic and social development. Charges of human-rights violations presented by other countries, they argued, were attempts to intervene in their domestic affairs. Most Asian political leaders maintain that the most desirable mode of democratization emerges spontaneously from economic growth, which sparks political consciousness among a middle class.

THE ELUSIVENESS OF UNITY

WHENEVER UNITY SEEMED ASCENDANT in the Asian world, history intervened. The splendors of 13th-century Asia recounted by

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Marco Polo were destroyed when they were plundered and exploited by Western colonial powers. In the 20th century the fleeting dream of "Asia as One" entertained by the Japanese expansionists was shattered by the Allied victory in 1945. At Bandung, Indonesia, soon after the end of World War II, a framework for solidarity among the nations of Africa and Asia was created, but the union, based on reactionary anticolonialism and anti-imperialism, was frail, as the China-India border clashes in the early 1960s illustrated. In 1964 China became a nuclear power. The passing of Nehru, champion of peace and harmony in Asia, sounded the death knell for solidarity among the have-nots. The same year Japan joined the Organization for Economic Cooperation and Development, solidifying its alliance not only with the West but with the nations of the North. Whatever semblance of unity Asia might once have had was destroyed.

In the decades since, Asia has been little more than a geographic concept. In the U.N. bureaucracy, the definition of Asia (or rather the lack of definition) can be seen in the composition of the Asian Group, which includes nations from Yemen to Papua New Guinea to Mongolia. Japan, which once dreamed of being the leader of Asia, was passed over in favor of Bangladesh in the 1978 election of nonpermanent members of the U.N. Security Council. Almost all the nations of Asia voted for Bangladesh.

During the Cold War, the wars waged by proxy on behalf of the United States, the Soviet Union, and China on the Korean Peninsula, in Vietnam, and in Cambodia tore Asia apart. Nominally regional organizations such as the Southeast Asia Treaty Organization and the Asian and Pacific Council, both now terminated, gave more attention to Cold War ideology than to Asian unity. Since the end of the Cold War, some political commentators have suggested that Asia is being rediscovered or "re-Asianized." On the contrary, the spirit of these times is predominantly affirmative and forward-thinking, not reactionary or nostalgic. The region is not being "re-Asianized;" it is being Asianized.

Some call attention to the remarkable economic development in the "chopstick area"—Japan, China, Korea and Vietnam—dubbing it a "common civilizational area" and seeing it as the basis for future

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regional development. Singaporean Minister for Information and the Arts George Yeo has remarked, "In an era of 'soft' nationalism, this shared emotion facilitates political and economic cooperation." Yeo believes that a distinctively Asian civilization, which carries on the traditions not only of Confucianism, but Taoism and Mahayana Buddhism, is being born.

The economic vitality and interdependence now forming in the region have given Asia confidence. The days when the United States sneezed and Asia caught cold are over. Now, as Malaysian Vice Minister of Trade Chua Jui Meng boasts, even a high fever in America will not make Asia cough. Interest is growing in Asian models of economic development. Several tenets of international organization exemplified by the Asian Development Bank are now seen as distinctive to the Asian region: economic development premised on political stability; emphasis on education, infrastructure, agriculture, light industry and exports; and democratization muffled and deferred to suit the progress of economic development. Philosophical and theoretical frameworks are forming around these models.

Economic vitality and interdependence have given Asia new confidence.

In the private sector, models are rapidly being developed of "Asian multinational corporations," which use Japanese quality-control, management style and technology. At a factory in the suburbs of New Delhi, the Japanese automaker Suzuki and the Indian government have launched a joint venture to manufacture a car, the Maruti, for the mass market. Unlike workers at other New Delhi factories, the entirely Indian workforce, from the factory manager to the janitors, wear matching uniforms and lunch together in a huge dining hall seating 2,000, a common scene in Japan. Asian corporate culture is starting to exert its equalizing effects.

Meanwhile, the cultural links between the middle classes of various Asian countries are strengthening through the power of electronic communications technology. Asia, which lacks a common heritage of aristocratic classes and culture, has increasingly become a hotbed of middle-class globalism. The Hong Kong–based Star Television

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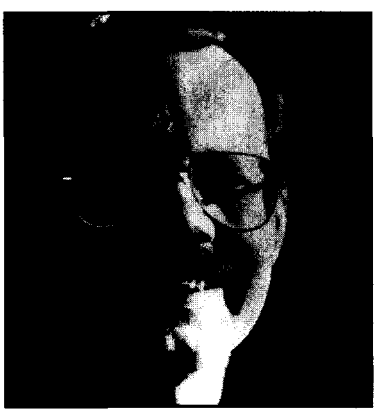
FACING THE CHALLENGES OF THE POST COLD WAR WORLD



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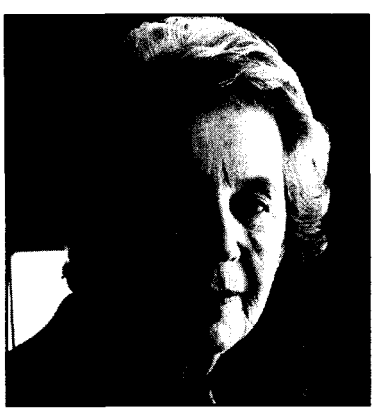

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Network was quick to create an Asia-wide entertainment network. On its broadcasts, top-selling Thai or Japanese singers croon the hit songs of Hong Kong and Guangdong. Under pressure from Star TV, Indian Public Television has fought back by broadcasting Japan's hit drama series, "Oshin," now shown in 30 countries, most of them in Asia. A Japanese children's cartoon whose popularity is now exploding in Vietnam is "Doraemon," about a group of contemporary children and their robot playmate. It is an optimistic, amusing portrayal of unassuming, middle-class children entranced and befuddled by futuristic technology. Pirate editions of the cartoon book have been best-sellers in Vietnam and Thailand.

Self-discovery in Asia has historically occurred in the process of confronting the European-American challenge, and a similar psychological dynamic seems to be at work today. The EC's steps toward a single-market "fortress," and U.S. steps toward a "North American Greater Co-prosperity Sphere," have caused concern among Asian nations. Malaysian Prime Minister Mahathir Mohamad's call to form an exclusive East Asian Economic Caucus is not so much a strategic concept as the crystallization of Asia's defensive stance against these moves in other parts of the world. Moreover, the defensive origin of his concept means that it will survive—regardless of its name, rationale or value in strategic bargaining and negotiations.

Yet regional awareness in Asia does not derive from reactive attitudes. Asia's "Asianization" is paradoxically the result of the globalization of its economy and media. As Asian nations phase out the special relationships they have had with former colonial powers and integrate with the global economy, they are starting to see neighboring countries as trading partners, providers of investment opportunities and competitors. Australia's moves to dissociate from Europe and join Asia were motivated in part by Britain's joining the EC and the fading of the Anglo-Saxon protective presence in Asia after the fall of Saigon, but a more fundamental motive is that 70 percent of Australian exports go to Asia and the Pacific. The value of Australia's exports to the ASEAN nations alone exceeds its exports to either the United States or the EC. This is not a result of Australian regional policy, but of the vigor of the Asian economy.

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China, which received a shot in the arm in the 1970s from its neighbors' rapid economic growth, shifted radically toward internal economic reform and liberalization in the 1980s. Its engagement in the world economy has produced a borderless network of Chinese merchants in Hong Kong, Taiwan and Southeast Asia. The Chinese Economic Area, consisting of China, Hong Kong and Taiwan, now boasts a trade volume surpassed only by the United States, Japan, Germany, France and Britain. The CEA is not based on a regional agreement; its expansion is prompted solely by the market. Struggling to adjust to the unexpected opening of the Chinese economy and the decline of its oil revenues, Indonesia has already liberalized terms for overseas investment. Socialist China's shift to a market economy has encouraged Vietnam to follow suit, and the walls dividing ideological and political systems in Asia are gradually coming down, albeit in a different way than in Europe and Eurasia.

FENDING FOR THEMSELVES

THE NEW REGIONAL CONSCIOUSNESS in Asia also stems from changes in traditional security attitudes and frameworks. Since 1990 diplomatic ties have been established between Russia and South Korea, and China and South Korea, and China has entered into diplomatic relations with Indonesia, Singapore and Vietnam. India has strengthened ties with Southeast Asia. Japan now funnels financial assistance to Russia. The civil war ended in Cambodia and nation-building efforts have begun. The visit of the Japanese emperor Akihito to China in the fall of 1992 would not have been possible without this newly created political and diplomatic context. All these new developments indicate a near-unanimity among Asian countries on the eventual disengagement of the U.S. military from the region.

Asian countries are now more readily consulting each other and discussing political and security issues. They deal realistically, not ideologically, with these new international circumstances. The Association of Southeast Asian Nations Post-Ministerial Conference is now sponsoring a multilateral forum for dialogue on regional security, and the Asia-Pacific Economic Cooperation, though still a fragile forum for

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exchange of opinion, could develop into a substructure for promoting economic cooperation as well as political deliberation.

Asian security cannot be considered separately from the regional economy. Most Asian nations are former colonies or protectorates, and their independence was gained through economic and societal development. They have a strong tendency to think of security not simply in military terms but as a synthesis of military, economic, technological and social strengths. This tendency will grow further with the perception now evolving that economic and technological power will become increasingly important. The new view of security is also encouraged by Japan's emergence as a global civilian power. Following in Japan's footsteps, South Korea and Taiwan are emerging foreign-aid donors, and Singapore, Malaysia and Thailand are likely to contribute by the end of the century. Each of these nations will use economic, technological and developmental assistance as diplomatic tools to strengthen their own security and buttress regional security.

The growing self-confidence of Asian nations has brought with it the desire to expand their political influence abroad. Peace in Cambodia, as a result of the U.N. Transitional Authority's settling refugees, election monitoring and supporting the formation of the new Cambodian government generated widespread belief that Asia can solve its problems not only in the economic realm but also in politics and security. Cambodia, remarked former Indonesian foreign minister Mochtar Kusuma-Atmadja, demonstrated that Asia's problems should be solved by Asians. Commitments by the United States and France, as permanent members of the U.N. Security Council, were crucial in the Cambodian peace process, so this sort of remark must be taken partly as a regional pep talk. Nevertheless, there is a feeling among Southeast Asian nations that interference by the big powers was the root of Cambodia's troubles. Asian nations are developing an awareness of their identities as regional players, a change they are eagerly pursuing.

SUCCESS AND ENVY

A HATE-FILLED CONFLICT between ethnic and religious groups like those found in the Balkans and the Caucasus has thus far been

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avoided in Asia. The lid long kept on similar emotions and power relations by ideological control under the Cold War system has somehow been held in place by economic growth, but it is not the miracle cure for all maladies. In some areas economic growth has actually weakened the cohesion of Asian societies.

Over the last two years in India, policies promoting economic liberalization have undermined the delicate balance of social forces long maintained by the caste system and secularism. In China, the prosperity brought to coastal areas by rapid economic growth is leaving the inland provinces further and further behind. In Indonesia, economic growth has promoted a "politics of envy" as its Chinese population flourishes by building on its traditional commercial base and exploiting the indigenous *pribumi* people. Government attempts to use the Muslim element to counter this opposition could upset the delicate balance between religion and the state.

The political and social structures of these three giant developing countries are vulnerable to identity crises of this kind. Within each there are dangers of population explosion, environmental destruction and mass exodus of refugees. Tensions may also heighten between the Confucian, Hindu and Japanese civilization spheres, as political scientist Samuel Huntington suggested earlier this year in his article, "The Clash of Civilizations." This might mean a struggle between Japan and China over control of the Korean Peninsula and Indochina (especially Vietnam). Cultural strains might also spark confrontation between India and China over hegemony in Tibet and Myanmar.

IS REALPOLITIK INEVITABLE?

PERHAPS MORE OMINOUS is the possibility of geopolitical struggles between such maritime nations as Japan, Indonesia, Australia and the Philippines on the one hand, and China and Central Asia on the other. Should China fail in its pursuit of national prosperity through coastal development, a Chinese "Monroe Doctrine" could regain momentum, with China building a coastal "Great Wall" closed to maritime Asia and splitting the region.

On the other hand, should China succeed in its coastal development

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and decide to use Hong Kong, soon to revert to Chinese sovereignty, as a base for military advance to the South China Sea and then to the Pacific and Indian Oceans, tensions would inevitably emerge between China and maritime Asian nations. China is expected to become a net oil importer next year and to depend on the Mideast for oil for a fairly long time. Concern for the protection of its sea lanes for oil transportation would be a natural outgrowth of this dependence. This could make China realize the importance of cooperating with other countries and cultivating economic interdependence. China could also, of course, revert to unilateralism and build a blue-water naval capability. In the latter case, maritime nations' resistance to China would surface. Those nations may also contemplate plans for joint development at, say, the Makassar Strait off Indonesia, as an alternative to the Strait of Malacca between Malaysia and Sumatra.

A triangle made up of China, Japan and the United States could be a dangerous one.

Even if such an apocalyptic scenario does not develop, Asia's growth into a cohesive community depends on whether or not Japan, the United States and China can cooperate on an equal footing. Triangular relationships, by their nature, reduce international relations to a zero-sum game: any of the three powers is apt to suspect the other two of colluding to augment their bargaining power. A triangle made up of China, with its despotic government and closed economy, Japan, with its ambiguous policy decision-making process, and the United States, with its tradition of playing China and Japan against each other could be a dangerous one (reminiscent of the "Three Kingdoms" of ancient China, which were constantly at each other's throats). The fact that the nature of power differs among the three makes it more difficult for each to understand the other's intentions and capabilities.

Whether Asia can play a constructive role in building a post-Cold War economic order depends on whether it can further strengthen the multilateral, free and nondiscriminatory international trade system and open market economy. Japan's responsibility in this endeavor is considerable. It must reform its exclusive economic and social structure and revise the political and administrative system that has sustained it.

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Accomplishing that would strengthen the economic and trade ties among Asian nations that lead to deepened global interdependence and facilitate worldwide economic development and growth. Japan's long-time obsession with an East-versus-West view of the world, and the definitions that worldview subsumes, will gradually fade with integration into the world economy. If Japan does not change, Asia may find itself a prisoner of Tokyo's economic hegemony or caught in a web of economic collusion between Japan and China.

Another urgent task is to bring China into the GATT and familiarize it with international rules. Failing to do so could allow the Chinese economic sphere in South China and Southeast Asia to grow into an increasingly exclusive "backyard" of the Chinese economy, a potential breeding ground for discord between Japan and China over economic interests in the region. China must not be isolated. It must be incorporated into a multilateral security framework.

THE IMPORTANCE OF BEING ASIAN

THE ASIANIZATION OF ASIA—increased intra-Asian ties and cooperation—can strengthen the new world order. The region's dynamic growth, emerging middle class, gradual democratization, self-help discipline, open regionalism, self-confidence and healthy optimism can all be positive factors in shaping the new world order.

Yet Asia should not be complacent. Asia should not delude itself into thinking that its identity can be developed solely in regional terms, its economy sustained in a regional bloc, and its political ambitions fulfilled in regional integration alone. Asia's particularist approach to human-rights issues, which seems to solidify Asian countries against the West, may well hamper Asia from building itself into a community with civic spirit beyond its national borders. Asia should work to reinforce the United Nations and ensure cooperation with Europe, Eurasia and the rest of the world. In particular, Asia should appreciate the United States and welcome its role of stabilizing the global economy and international security. By building a community that includes the United States, Asia can ensure its position and self-recognition in the world. Ultimately, the Asianization of Asia will

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occur when Chinese and Indo-Chinese civilizations combine with Japanese and American ones. The result may be an Asia-Pacific civilization—a new breed of cross-fertilized civilization.

Signs that encourage cooperation with Asian endeavors and promote engagement in the region's multilateral framework are emerging in the United States as well. This participation is an urgent priority. In the 1970s the United States reshaped its strategy toward the Soviet Union by playing the China card (normalization of relations with Beijing), and in the 1980s it beat the Soviet Union in the arms race using the Japan card ("Japan money"). In the 1990s, it will no doubt be the Asia card—economic stability and market growth—that assures success in the revitalization of the U.S. economy.

However, Asia will no longer put up with being treated simply as a card; it will now demand respect as a player. Its success stories are likely to inspire and provide the voice for original, distinctly Asian ideas on a host of issues: human rights; the debate over democracy versus economic development; the relationship of corporate enterprises to the state, individuals to society, and society to the state; security in the new world order and in the region. The question facing the United States is whether it will be able to understand these ideas dispassionately and coexist in harmony with Asian nations.

After the Cold War, history, geography, society and culture are becoming instrumental forces in the evolution of international politics. Past U.S. attempts to understand Asia have focused on ideology, military power and markets. From now on Americans must seek to grasp many more diverse facets of this region in order to cultivate constructive ties. The United States so far has not taken an isolationist stance toward Asia. As Richard Rovere and Arthur Schlesinger, Jr., point out in their 1951 classic, *The General and the President: And the Future of American Foreign Policy*, "Among oceans, the Pacific has always been the favorite of American isolationists. This is true for the simple reason that the Pacific is not the Atlantic. Isolationism is opposed to the introduction of 'Asian ideas' because scarcely anyone has tried to introduce them." This situation may change, for Asia has finally become willing and able to articulate distinctively "Asian ideas."

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South Africa's Future Foreign Policy

Nelson Mandela

NEW PILLARS FOR A NEW WORLD

As the 1980s drew to a close I could not see much of the world from my prison cell, but I knew it was changing. There was little doubt in my mind that this would have a profound impact on my country, on the southern African region and the continent of which I am proud to be a citizen. Although this process of global change is far from complete, it is clear that all nations will have boldly to recast their nets if they are to reap any benefit from international affairs in the post-Cold War era.

The African National Congress (ANC) believes that the charting of a new foreign policy for South Africa is a key element in the creation of a peaceful and prosperous country. Apartheid corroded the very essence of life in South Africa. This is why the country's emerging political leaders are challenged to build a nation in which all people—irrespective of race, color, creed, religion or sex—can assert fully their human worth; after apartheid, our people deserve nothing less than the right to life, liberty and the pursuit of happiness.

This vision cannot be realized until South Africa can again participate fully in world affairs. For four decades South Africa's international relations were dogged by the apartheid issue. By the end of the 1980s, South Africa was one of the most isolated states on earth. Recovering from this will be no easy task. Conscious of this difficulty, the ANC is involved in developing those policies which will be nec-

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Nelson Mandela is President of the African National Congress.

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essary to take South Africa into the new world order as a responsible global citizen. Additionally, it is concerned with the need to forge a truly professional diplomatic service which will serve all of South Africa's peoples and represent their rich diversity. Fortunately, foreign governments have recognized the importance of this and are generously providing training for young South Africans who wish to make careers in foreign affairs.

Within the context of the current multiparty negotiations, preliminary discussions are also under way between political parties with an interest in foreign affairs in an effort to bridge the divides between them on important policy questions. The pillars upon which our foreign policy will rest are the following beliefs:

—that issues of human rights are central to international relations and an understanding that they extend beyond the political, embracing the economic, social and environmental;

—that just and lasting solutions to the problems of humankind can only come through the promotion of democracy worldwide;

—that considerations of justice and respect for international law should guide the relations between nations;

—that peace is the goal for which all nations should strive, and where this breaks down, internationally agreed and nonviolent mechanisms, including effective arms-control regimes, must be employed;

—that the concerns and interests of the continent of Africa should be reflected in our foreign-policy choices;

—that economic development depends on growing regional and international economic cooperation in an interdependent world.

These convictions stand in stark contrast to how, for nearly five decades, apartheid South Africa disastrously conducted its international relations.

DEMOCRACY AND DIVERSITY

BECAUSE THE WORLD is a more dangerous place, the international community dare not relinquish its commitment to human rights. This appeal also has a special significance for South Africa. The anti-apartheid campaign was the most important human-rights crusade of

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the post-World War II era. Its success was a demonstration, in my opinion, of the oneness of our common humanity: in these troubled times, its passion should not be lost. Consequently, South Africa will not be indifferent to the rights of others. Human rights will be the light that guides our foreign affairs.

Only true democracy can guarantee rights. This is why the ANC's decision to take up arms to secure the rights of South Africa's people will only be fulfilled in a government of the people, by the people and for the people. We have always embraced the cry for democracy across the world and South Africa will therefore be at the forefront of global efforts to promote and foster democratic systems of government. This is especially important in Africa, and our concerns will be fixed upon securing a spirit of tolerance and the ethos of governance throughout the continent. There cannot be one system for Africa and another for the rest of the world. If there is a single lesson to be drawn from Africa's postcolonial history, it is that accountable government is good government.

An international divide is emerging between countries that tolerate diversity and those that do not.

The growing violence of narrow "nationalism," which can lead to the Balkanization of states, is of particular concern to South Africans. Ancient and long-dormant animosities have been unlocked by the ending of the Cold War, and these now threaten the very existence of some countries. Some suggest that an international divide is emerging between countries that tolerate diversity and those that do not. The latter will fall prey to internecine strife, sapping, if not destroying, the potential of their people. These countries will fall further and further behind the great technological advances being made elsewhere. As we witness in Yugoslavia, it is the young who will inherit the political and economic wasteland consigned to them by the archaic enmities of their fathers.

For many this fate beckons South Africa. Respect for diversity has been central to the ANC's political credo. As South Africa gears itself for its first democratic election, this tradition will guide our electoral campaign. But beyond our shores we will, as responsible internation-

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al citizens, also honor this creed. A central goal of our foreign policy will, therefore, be to promote institutions and forces that, through democratic means, seek to make the world safe for diversity.

Around the globe, new conflicts and divides are surfacing. The chasm between the industrialized North and the underdeveloped South is deepening. If there is to be global harmony, the international community will have to discover mechanisms to bridge the divide between its rich and its poor. South Africa can play an important role in this regard because it is situated at a particular confluence of world affairs. But so too the United Nations has been freed from the straightjacket of the Cold War. South Africa's people look forward to our country's return as a full and active member of the United Nations family. It is the ANC's view that the United Nations has a pivotal role to play in fostering global security and order. But to achieve this, serious attention must be paid to a restructuring of the organization. South Africa intends to play a vigorous role in the debate on this issue. The United Nations should not be dominated by a single power or group of powers, or else its legitimacy will continuously be called into question. We hope a mechanism can be found so that the Security Council can reflect the full tapestry of humankind.

The United Nations and other international organizations have an important role to play in controlling the worldwide flow of arms. We know this from bitter experience. South Africa's transition to democracy has been unnecessarily violent; much of the blame lies in the proliferation of small arms throughout southern Africa. In addition to acceding to the major arms-control regimes, South Africa will actively support the United Nations' commitment to a general and complete disarmament under effective international control.

OUR AFRICAN DESTINY

SOUTH AFRICA cannot escape its African destiny. If we do not devote our energies to this continent, we too could fall victim to the forces that have brought ruin to its various parts. Like the United Nations, the Organization of African Unity needs to be attuned to the changes at work throughout the world. A democratic South Africa

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will bring to an end an important chapter in Africa's efforts to achieve unity and closer cooperation, but it will not close the book.

Africa's international position has been acutely affected by global change. Some of this is positive. It has, for instance, become less likely that our continent will, as in the past, be treated as a battleground by contending forces in wider international conflicts. Economically the position appears less promising. The shift in international attention toward Eastern Europe has, in the view of some, increased Africa's marginalization and weakened the continent's economic position. Africa must respond to this by transforming its economic base. Greater economic cooperation between the countries of the continent and the reshaping of trading networks can make a significant contribution in this regard.

Southern Africa commands a special priority in our foreign policy. We are inextricably part of southern Africa and our destiny is linked to that of a region, which is much more than a mere geographical concept. The historical patterns of relations in southern Africa have, however, been highly uneven and inequitable. The regional economy that emerged under colonialism entrenched the domination of one country (South Africa) and incorporated other countries in subsidiary and dependent roles as labor reserves, markets for South African commodities, suppliers of certain services (such as transport) or providers of cheap and convenient resources (like water, electricity and some raw materials). South Africa's visible exports to the rest of the region exceed imports by more than five to one. This is a reflection not just of the stronger productive base of the South African economy, but of barriers of various kinds that have kept goods produced in regional states out of the South African market. Destructive apartheid policies have, moreover, caused further distortions. While South Africans experienced discrimination and repression at home, southern Africa fell victim to apartheid's destabilization strategy, which left two million dead and inflicted an estimated $62.45 billion of damage on the economies of our neighbors.

I share the view of many that the forging of closer economic relations can potentially be of great benefit both to a democratic South Africa and the rest of southern Africa. Increased trade with southern

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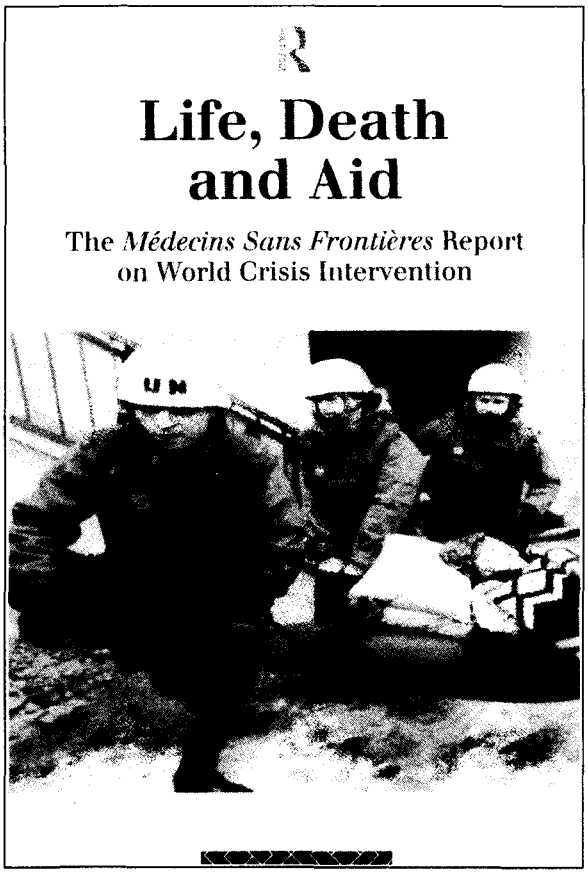

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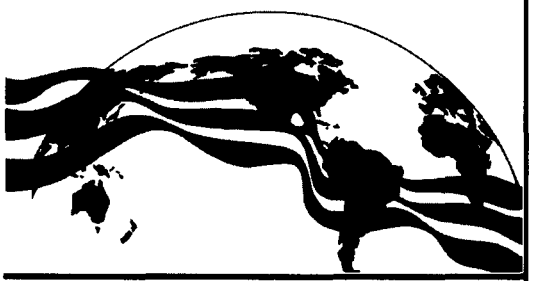

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Africa and the wider continent could be of considerable significance for our manufacturing industries. Neighboring countries, too, could benefit by expanding their exports to South Africa. At present, only Zimbabwe and some of the Southern African Customs Union countries, foremost among them Swaziland, have more than a token presence in the South African market. This is in part a reflection of the strong underlying protectionist stance toward potential imports from the region. If this were to change, agricultural and industrial producers in several neighboring countries could receive an important boost. Cooperation in regional construction, infrastructure and resource development projects, as well as in virtually every sector and area, could also be of considerable benefit. In several cases, notably that of potential water and hydropower projects in several Southern African Development Community member states, projects will not be economically viable unless they can count on exports to South Africa. At the same time, South Africa would benefit in environmental terms by importing hydropower and could well become absolutely dependent on water imports from other countries in the years ahead.

South Africa will resist any pressure or temptation to pursue its own interests at the expense of southern Africa.

Southern Africa will, however, only prosper if the principles of equity, mutual benefit and peaceful cooperation are the tenets that inform its future. Reconstruction cannot be imposed on the region by external forces or unilaterally by ourselves as the region's most powerful state. It must be the collective enterprise of southern Africa's people. Democratic South Africa will, therefore, resist any pressure or temptation to pursue its own interests at the expense of the subcontinent. Likewise, militaristic approaches to security and cooperation have no place in southern Africa. In partnership with its neighbors, a democratic South Africa will promote the creation of regional structures for crisis prevention and management. These should be augmented by institutions that offer facilitation, mediation and arbitration of interstate conflicts.

We are sensitive to the fact that any program that promotes greater cooperation and integration in southern Africa must be sensitive to

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the acute imbalances in existing regional economic relations. Any move toward a common market or economic community must ensure that industrial development in the entire region is not prejudiced. It is essential therefore that a program to restructure regional economic relations after apartheid be carefully calibrated to avoid exacerbating inequities. Similar principles will govern the transformation of such exploitative aspects of the regional economy as the migrant labor system. With many others, we believe this system is detrimental to development. It is, nevertheless, deeply entrenched, and a number of countries have become critically dependent on it for employment and foreign-exchange earnings.

Democratic South Africa will not adopt a narrow, chauvinistic approach to this issue and will not make unilateral changes to the system. Instead, it will seek an acceptable regional solution that takes account of the needs of the labor-supplying states.

In forging links with our neighbors, the ANC will draw on an African tradition, of which we are a part, of promoting greater continental unity. We are currently involved in consultations with the Southern African Development Community, and the Eastern and Southern African Preferential Trade Area. We look forward to a mutually beneficial association with both of these important vehicles for promoting regional prosperity. At the same time we recognize that southern Africa cannot afford a proliferation of institutions or a duplication of efforts and that the challenges of the future will require considerable institutional development. We likewise look forward to becoming involved in the process of reforming the Southern African Customs Union, linking our country to Botswana, Lesotho, Namibia and Swaziland (BLNS). Although SACU is the oldest integration arrangement in Africa, its current modus operandi is far from satisfactory. The old formula, in which "captive markets" for South African goods in the BLNS were bought by the allocation of a disproportionate share of customs revenue, has recently come under strain from both the South African Finance Ministry and neighboring countries. Our approach to the reform of SACU will be guided by broader considerations than the implications for the South African treasury. We will seek to democratize the institutions of SACU, within the framework of a broad-

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er regional program, and to remove barriers in the existing arrangement to a more balanced location of industries.

THE ECONOMIC CRISIS

THE PRIMARY MOTIVATION of the ANC's foreign economic policies as a whole will be to place South Africa on the path of rapid economic development with a view to addressing three key problem areas: slow growth, severe poverty, and extreme inequalities in living standards, income, and opportunity. The South African economy has grown very slowly since the early 1970s, with the exception of short periods of gold market booms. Annual GDP declined from almost six percent in the 1960s to less than four percent the following decade and to barely one percent during the 1980s. The economy contracted sharply during the recession-bound 1990s, and in 11 of the past 12 years, per capita income declined.

Poverty is manifested in extremely high levels of unemployment in South Africa, widely estimated to be above 40 percent, and by very poor social and economic indicators for the black population, particularly in the rural areas. These problems are compounded by the fact that inequalities remain entrenched on racial lines.

A recent World Bank report estimated that South African whites have a personal per capita income level that is 9.5 times higher than Africans, 4.5 times higher than people classified as colored (mixed race) by the apartheid system, and 3 times than Asians. Patterns of inequality extend beyond this to the provision of services, access to education, employment opportunities, and wealth generation—all still heavily inclined toward the white population.

As part of the global economy, South Africa has been deeply affected by the worldwide economic slowdown that began in the late 1980s, compounded in our case by the political uncertainties that face potential investors. There are many reasons for this state of affairs, the most important of which has been the political and economic policies of successive apartheid governments since 1948. These policies were destructive and wasteful but, more important, they conspired to prevent South Africa's economy from adapting to changing global conditions.

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South Africa's staple exports—gold and other metals and minerals—have encountered deteriorating market conditions for many years, but the country has failed to develop more competitive alternatives. The ANC will inherit a relatively open economy, dependent on many imports from the outside world, but without the wherewithal to pay for them in the long term if the economy does not begin to grow rapidly. The key to South African recovery and growth is the strengthening of economic activities in which we have some potential and that are in international demand, but that have failed to achieve that potential in the past. Our manufacturing and service sectors will be critically important. South Africa does have potentially competitive manufacturing sectors such as metal engineering, pulp and paper, and some likely service sectors too, of which banking, insurance and tourism are the most important.

South Africa must strengthen those economic activities that are in international demand but that have failed to achieve their potential.

The ANC believes that the fundamental policies for achieving our potential in these and other sectors include: developing effective education and training programs; attracting foreign investment that strengthens our technological capacity and market access; engaging in a measured program of trade-policy reform that encourages competitive domestic sectors and lowers our import bill; a tough competition and antitrust policy that lowers prices and raises the efficiency of business as well as creates opportunities for black business development; and finally, the development of a range of initiatives to stimulate private sector investment and restructuring.

It is quite clear that the above policies are not a quick cure and that implementation will take some time. Given the inequalities in the South African economy it is equally clear that a number of short-term strategies are needed to help address immediate problems and to build the foundations of democracy. We must create jobs in urban and rural areas, partly through state intervention, assist small black business and micro-enterprises, improve access to housing and basic services, and restructure social-security programs for the very poor, the disabled, and the aged.

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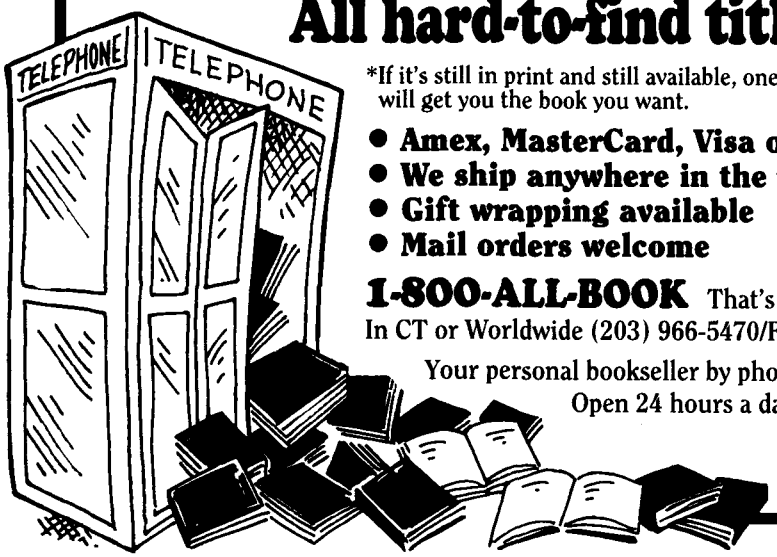

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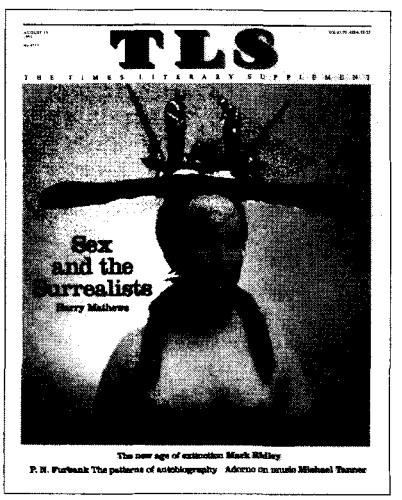

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It is obvious to me that the primary components of our international economic relations, which must feed our development strategy, are the strengthening of our trade performance and our capacity to attract foreign investment. In addition we must examine the possibilities of obtaining technical and financial assistance from the developed industrial countries. We do not expect foreign investment to solve our economic problems, but we understand that it can play a very valuable role in our economic development. Though the inflow of direct and indirect investment will strengthen our reserves, most investment will have to be drawn from domestic sources. There are a number of institutions in our society with investment funds at hand, and more will grow.

These institutions will be expected to make a meaningful contribution to our economic development in a number of ways—some still under consideration—but including mechanisms such as prescribed investment. But foreign investors can open up new possibilities. They can bring new skills and technologies to a South Africa starved of innovation and technical know-how and can gain us access to new markets. Foreign investors can also provide competition for domestic monopolies and oligopolies, which have thrived on South Africa's isolation at the expense of ordinary people. They can establish partnerships with black South Africans who have deliberately been crippled, economically, by the apartheid system. The ANC believes the most important way to attract foreign investment is to create a stable and democratic political environment. Also important is the development of legitimate, transparent and consistent economic policies. Foreign companies should be treated as domestic companies, obeying our laws and gaining access to our incentives, and the ANC is committed to the principle of uniform treatment. And while we do not plan to provide exclusive incentives for all foreign investors, we realize that it might be necessary to make special arrangements to attract the kind of investment that will make a real difference in South Africa.

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TRADE AND RECIPROCITY

The second primary component of our international economic relations that I referred to was our trade performance. Central to this concept, of course, is South Africa's full reintegration into the global trading regime. While we will strive to accommodate the concerns of the General Agreement on Tariffs and Trade (GATT) in regard to the high levels of protection of South African industry and to open our markets to global trade, we insist this is a two-way process. South Africa reserves the right to discriminate against the products of any country that will not open its market to South African goods. In short the concept of reciprocity will be paramount.

We cannot be expected to reintegrate our trade regime into the global system overnight, and we will resist any attempt by the GATT to force us to do so. While we will be enthusiastic supporters of free trade, we ask our trading partners and the GATT to understand that we cannot put thousands of jobs at risk by embarking on a speedy and uncoordinated revision of our total tariff regime. We shall undertake to reduce the number of tariff lines and to rationalize and simplify the tariff structure so that it begins to move closer to the rules and expectations of the GATT, but we are not prepared to place the demands of the global community ahead of the desires and needs of our people. We therefore envisage a considered program of trade policy reform that will address not only the levels of protection but also the development of effective export incentives that are internationally acceptable. The ANC remains concerned that, even if the Uruguay Round succeeds, the development of trading blocs (such as the European Community and NAFTA) might weaken the position of developing countries, particularly those—like South Africa—that are not members of any trading bloc. We remain concerned, too, that the Uruguay Round continues to neglect the interests of the South and that the negotiations seem disproportionately centered around the interests of farmers in the developed countries.

A democratic South Africa will seek new avenues for its export products, including agricultural produce, and we reserve the right within the framework of the GATT to seek new export markets as

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aggressively as possible. At the same time we recognize the importance of the European Community, our largest trade and investment partner, and will actively seek to consolidate our long-standing relationship with the EC. As part of this process we are currently examining a number of options in regard to our future economic relations with the EC with a view to gaining preferential access to European markets. In addition we are examining methods of expanding and strengthening our relationship with North America, Japan, and the Pacific Rim economies.

We will seek assurances from members of the major trading blocs on the issue of market access, and we will strive to strengthen our South-South ties to help protect us against economic marginalization.

FRIEND TO THE WORLD

SOUTH AFRICA'S future foreign relations will be based on our belief that human rights should be the core concern of international relations, and we are ready to play a role in fostering peace and prosperity in the world we share with the community of nations. We are well aware how important and how difficult the process of reintegration into the global political and economic system will be for South Africa. The ANC will be among the first in South Africa to take full responsibility for our own destiny, but we believe that as a developing country undergoing a difficult transition, we can expect the developed industrial nations of the world to assist us in this task. We are prepared, too, to shoulder our share of the responsibility for the whole southern African region, not in the spirit of paternalism or dominance but mutual cooperation and respect.

The time has come for South Africa to take up its rightful and responsible place in the community of nations. Though the delays in this process, forced upon us by apartheid, make it all the more difficult for us, we believe that we have the resources and the commitment that will allow us to begin to make our own positive contribution to peace, prosperity and goodwill in the world in the very near future.

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Why South Africa Gave Up the Bomb

J. W. de Villiers, Roger Jardine, Mitchell Reiss

NUCLEAR POLICY: PAST, PRESENT AND FUTURE

SOUTH AFRICA REPRESENTS the world's first instance of nuclear rollback, a state which has unilaterally and voluntarily relinquished nuclear weapons. President F. W. de Klerk declared to a special joint session of the South African parliament on March 24, 1993, that "at one stage South Africa did develop a limited nuclear deterrent capability," but "early in 1990 final effect was given to decisions that all the nuclear devices should be dismantled and destroyed." De Klerk's speech was the first official confirmation of what had long been suspected: Pretoria had actually developed nuclear weapons. Yet its larger significance derives from the country's unprecedented dismantling of a fully mature nuclear arsenal.

Despite de Klerk's exhortations about opening a new chapter of "international cooperation and trust," South Africa's nuclear past casts a long shadow. For some, de Klerk's announcement resurrected old questions about the country's nuclear behavior, reinforced current suspicions and raised fresh concerns about the country's plans for the highly enriched uranium (HEU) taken from the nuclear

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devices, as well as its adherence to the nuclear Nonproliferation Treaty (NPT), development of export controls, and the prospects for an African nuclear weapon-free zone. As the country moves toward its first nonracial elections in April, these issues have direct implications not only for South Africa but also for the new government's relations with its neighbors and the West. The African National Congress (ANC), the United States and other key members of the international nonproliferation community continue to look for reassurance about Pretoria's future intentions.

SOUTH AFRICA'S NUCLEAR JOURNEY

SOUTH AFRICA'S NUCLEAR program originated in its abundant uranium reserves, which were coveted by the United States and Britain for use in the Manhattan Project. During the two decades after World War II, South African uranium was sold to the Combined Development Agency, a purchasing organization set up by Washington and London to secure adequate uranium supplies for their nuclear weapons programs. But by the late 1950s, Pretoria had decided to establish an indigenous nuclear research and development program for peaceful purposes. And by 1969 South Africa's technological success encouraged the government to construct a pilot uranium-enrichment plant, named the Y Plant, at Valindaba, outside Pretoria. Although the plant was intended to test the technology on an industrial scale and to open new commercial opportunities, it also made possible the manufacture of material for nuclear weapons.

In 1971 Minister of Mines Carl de Wet approved preliminary nuclear explosives research. These investigations were initially limited to theoretical calculations and introductory studies of ballistics. No serious development was carried out. It was not until three years later that Prime Minister John Vorster approved development of a nuclear explosive capability—limited to peaceful applications, such as mining excavation—and authorized the funding for a testing site.

Two approximately 200-meter-deep test shafts were eventually drilled at Vastrap in the Kalahari desert. These facilities were prepared for a "cold test"—that is, one without HEU carried out in order

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to check the device's nonnuclear components, logistics and instrumentation. A Soviet satellite's discovery of the Kalahari site in August 1977, with later confirmation from U.S. reconnaissance, aroused vehement international protest. Pretoria realized that a nuclear test was politically impossible and abandoned the site.

The Y plant yielded its first HEU in January 1978, and the first fully assembled nuclear device was completed the following year. In July 1979 an Action Committee appointed by President P. W. Botha recommended the manufacture of six additional nuclear devices, for a total of seven, the first of which was designed for a fully instrumented underground test. It also advised that the development and manufacture of nuclear devices be transferred to Armscor, the South African arms manufacturing corporation. The atomic energy program would supply the HEU and conduct the necessary nuclear research.

It has been estimated that each nuclear device used 50 to 60 kilograms of HEU and had a yield of 10 to 18 kilotons. They were never stockpiled in assembled form; the nuclear and nonnuclear components were stored separately in concrete and steel vaults. The assembly and testing of each device required four codes. Three senior officials each held one code, and only the head of government knew the fourth code; consequently, no single person could activate the devices. Some sources have suggested that the explosives could have been dropped from modified Buccaneer bombers by the South African Air Force.

TOWARD A SECRET DETERRENT

AFTER THE DISCOVERY of the Kalahari testing site, the character of South Africa's nuclear program started to change toward acquiring a nuclear deterrent. Prime Minister Vorster convened his senior officials to consider the program's future, ordering that a document be drafted to articulate the country's nuclear strategy.

That strategy, formally approved in October 1978, consisted of three phases, which Pretoria believed, employed wisely and discreetly, would help prevent war. Phase 1 called for strategic ambiguity: internationally, the government would neither confirm nor deny

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whether it possessed a nuclear weapons capability. If the country were threatened militarily, Phase 2 required South Africa covertly to reveal its nuclear capability to leading Western governments, principally the United States. Should Phase 2 fail to persuade the international community to intervene to alleviate an armed attack from outside South Africa's borders, Phase 3 required Pretoria publicly to disclose its nuclear arsenal, either by official acknowledgement or an underground nuclear test. From the outset, everyone involved in the program knew that no offensive application for the weapons was foreseen or intended. And in practice the strategy never advanced beyond Phase 1, due to the absence of any overt military threat.

South Africa's formal 1978 decision to change the focus of its nuclear program to military applications is best understood in light of its international standing at the time. As President de Klerk explained in his March 24, 1993, speech, South Africa feared "a Soviet expansionist threat to southern Africa," which included a build-up of Cuban forces in Angola starting in 1975. The imminent independence of neighboring Zimbabwe under an actively antiapartheid regime also worried Pretoria. These events augmented the minority government's fears of encirclement.

De Klerk also noted Pretoria's "relative international isolation and the fact that it could not rely on outside assistance should it be attacked." South Africa's relations with the rest of the world were rapidly deteriorating. By the late 1970s South Africa's participation in the U.N. General Assembly and its specialized agencies was suspended. The Security Council had imposed a mandatory weapons embargo and voluntary oil embargo on the country. Moreover, even as the most advanced nuclear energy state on the continent, South Africa for political reasons was denied its designated seat on the International Atomic Energy Agency's Board of Governors and participation in its General Conference. All these developments contributed to South Africa's sense of isolation.

The nuclear development program was classified as top secret, although its new military emphasis was announced to pertinent atomic energy personnel in November 1979. The military was not involved in the early stages of the program, but provided logistical

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support in selecting and developing the Kalahari testing site. For security reasons, the government decided that no cooperation from outside organizations or countries should be sought. It did not breach any international safeguard agreements that South Africa had entered. The program was at all times under the direct control of the head of government in consultation with relevant cabinet ministers, the chief of the Defense Force, the chief executive of the atomic energy program and, after 1979, the chairman of Armscor. All decisions were taken unanimously.

South Africa's Atomic Energy Corporation (AEC) has estimated the maximum cost of the nuclear deterrent as 70 million rand a year, which includes the capital cost of the Y Plant. The total cost of South Africa's nuclear deterrent program was approximately 750 million rand, or less than 0.5 percent of the country's defense budget at the time. About 400 people were involved in the program at any one time, with a total of approximately 1,000 employees overall.

In the early 1980s limited theoretical work was conducted on advanced explosive designs, and in 1985 it was reported to President Botha that development of such devices was feasible. A reliable implosion device, however, would need to be tested. After a policy review, the government stuck to its original deterrent strategy, as well as its decision to build only seven devices, despite South Africa's further deteriorating international position. While the Botha regime saw no need for advanced implosion-type devices, it continued limited theoretical and experimental work in this area, on shaped explosive charges and neutron initiators.

GIVING UP THE BOMB

TOWARD THE END of the 1980s—after the collapse of the Soviet Union, the independence of Namibia, the cessation of hostilities in Angola, and the withdrawal from that country of 50,000 Cuban troops—South Africa saw clearly that the nuclear deterrent was becoming superfluous. Furthermore, the government increasingly realized that accession to the NPT would have distinct advantages for South Africa's international relations, especially those with other

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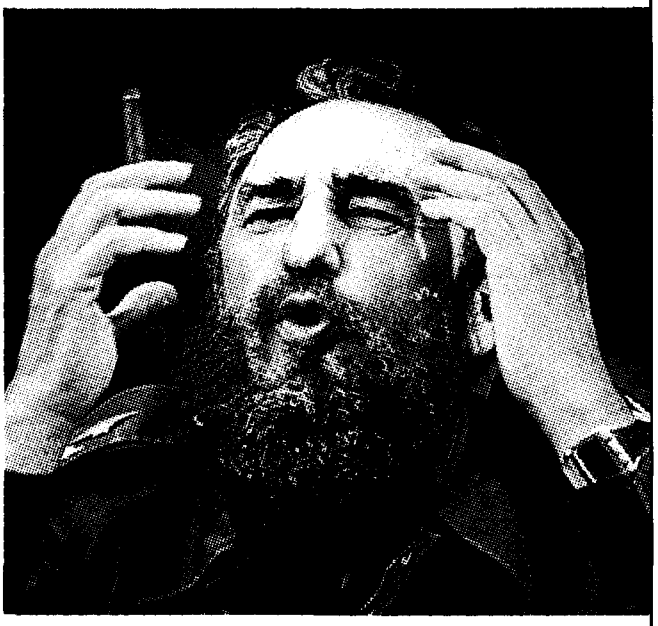

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C-SPAN Cutbacks Kill Service for Some Members, Staff in Va., p. 10

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Inhofe's Discharge Petition Bill Set Free From Rules After 218 Members Sign On

By Mary Jacoby

With Ross Perot at his side, a triumphant Rep. Jim Inhofe (R-Okla) announced at a press conference yesterday that seven Democrats this week signed his discharge petition, giving him the 218 signatures needed to force legislation to reform the discharge process out of the Rules Committee.

"But the war isn't over," Inhofe said, warning of the floor battle ahead on his bill. Inhofe's legislation would make public the names of all signers on discharge petitions. Those names now are kept secret until a majority of the House, or 218 Members, have signed.

Under House rules, Inhofe's bill is likely to come to the floor on Sept. 27.

Meanwhile, Rep. Tony Beilenson's (D-Calif) rules of the House subcommittee will hold hearings on Inhofe's bill Sept. 14 and 16. The hearings will give Rep. Joe

Continued on page 19

Photo by Christopher Morris

With Ross Perot at his side, Rep. Jim Inhofe on Wednesday looked ahead to the floor fight over going public on discharge petitions.

Heard On The Hill

By Craig Winneker

Monday Night News-ball. Worried about whether you'll be able to catch every

Continued on page 16

Reform Plan Gores Hill, Aides Say

By Mary Jacoby

Even as Members rushed politely to praise Vice President Al Gore's reinventing government initiative, key staffers warned that its proposals would alter the balance of power between Congress and the executive branch and predicted a rough, slow implementation process.

"You might as well abolish Congress," one distraught GOP House Appropriations staffer said after reviewing proposals to give executive branch managers more authority over their own affairs — and reduce Congressional oversight.

Members and aides also complained that Gore's proposed reforms, unveiled Tuesday, were crafted without consulting Sen Robert Byrd (D-WVa), chairman of the Senate Appropriations Committee, and Rep. William Clay (D-Mo), chairman of the House Post Office and Civil Service Committee, which oversees government personnel policy.

Clay told Roll Call he had met once with Gore at the White House but only learned of the content of his proposals from the news media. He said he had not yet studied them but would "be sure to scrutinize them" in committee.

Staffers said the Joint Committee on the Organization of Con-

Continued on page 16

Slattery Is Fourth Democrat to Quit

Likely to Run for Kansas Governor

By Tim Curran

Rep. Jim Slattery (D-Kan), a popular six-term House veteran, said yesterday he will not seek re-election next year and appears all but certain to be a candidate for governor of Kansas in 1994.

Slattery's office quietly issued a one-page release saying he "never planned to make service in Congress a life-long career."

"My roots are in Kansas, and it's time to return to them," he said.

On Friday, incumbent Kansas Gov. Joan Finney (D) surprised observers by announcing that she will not seek a second term next year, and a firestorm of speculation quickly centered on Slattery.

In the immediate aftermath of Finney's announcement, Slattery said he was caught off guard by

Continued on page 10

Photo by Maureen Keating

In a quietly released statement, Slattery said he "never planned to make service in Congress a life-long career."

Grandpas

Former Reps. Traxler, Parnell latest to convert excess campaign cash. p. 3.

Beware

House Administration warns Members of a new office supply scam. p. 13.

Back to School

Photo by Jeremy Pelter

In celebration of the 10th anniversary of PBS's kid kids' show, "Reading Rainbow," Sen. Paul Simon reads aloud "Berlioz the Bear" to children at the Library of Congress yesterday.

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African countries. Pretoria saw that the solution to South Africa's problems lay in the political rather than the military arena and that the nuclear deterrent, along with strategic ambiguity, was becoming a burden rather than a benefit.

The election of F. W. de Klerk as president in September 1989 precipitated this change in strategy. De Klerk embarked on a program of political reform to normalize South Africa's international relations. Shortly after assuming office, he appointed an Expert Committee to consider the benefits and liabilities of maintaining the nuclear deterrent and of joining the NPT. In November 1989 the committee recommended terminating and completely dismantling the nuclear weapons program. De Klerk approved. By this time only six devices had been fully assembled. In light of the profound political transition then underway in South Africa and the U.N. sanctions and rigorous inspections imposed on Iraq for its own nuclear, biological, chemical and ballistic missile programs, the committee also advised against publicizing either South Africa's nuclear capability or the arsenal's dismantlement.

Pretoria gradually saw that the nuclear deterrent was becoming more a burden than a benefit.

That same month de Klerk appointed a working group of Armscor and AEC officials to advise him on a timetable for dismantlement and the earliest possible date when South Africa could join the NPT and conclude a safeguards agreement with the International Atomic Energy Agency (IAEA). Before a safeguards agreement could be concluded, Pretoria wanted the facilities previously used for the manufacture of the nuclear devices to be decontaminated, all nuclear material melted and stored, equipment removed, technical drawings destroyed, and the facilities mothballed or converted to commercial use.

The Y Plant was closed on February 1, 1990. The working group reported that it would need about 18 months to fully dismantle the country's nuclear deterrent capability, and Armscor and the AEC were jointly entrusted with this task. They studied the problem for five months before beginning in July 1990. An independent auditor, directly responsible to de Klerk, was charged with overseeing the dis-

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mantlement of the six assembled nuclear devices and ensuring that the HEU from each, as well as from the incomplete seventh device, was removed from Armscor's custody and returned to the AEC. He was also to confirm that all technology and hardware were destroyed. The entire process was completed by early July 1991.

South Africa joined the NPT on July 10, 1991, concluded a safeguards agreement with the IAEA two months later, and presented it an inventory of nuclear materials and facilities on October 30. These actions allowed South Africa to take up its seat in the General Conference of the IAEA.

With the conclusion of the safeguards agreement, the government certified that all the nuclear explosive devices had been dismantled and all the enriched uranium stored in specially designed vaults at Pelindaba. Following President de Klerk's announcement on March 24, 1993, that South Africa had possessed and then dismantled a nuclear deterrent, the IAEA was also given access to all the facilities previously used in the nuclear program.

LINGERING UNCERTAINTIES

WHILE THE ANC welcomed de Klerk's March 24 speech, the tardiness and incompleteness of the government's revelations, combined with its past policy of nuclear ambiguity, left many unanswered questions. Did South Africa intend to detonate a nuclear device in August 1977? Was South Africa responsible for the mysterious double flash captured by a U.S. Vela satellite over the South Atlantic in September 1979? Did Pretoria's nuclear weapons program receive any foreign assistance? Has the government accurately accounted for all the HEU that was produced?

The exact source of the double flash detected by a U.S. satellite is still in dispute. Although a scientific panel convened by the Carter administration determined that the signal may have been caused by a meteor striking the satellite, many knowledgeable observers believe that it was actually a low-yield nuclear explosion.

Such incidents have fueled speculation over the extent to which South Africa's nuclear weapons program received foreign assistance.

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The United States, France and other countries provided South Africa with civilian nuclear technology and assistance that did not directly abet the bomb program. But this cooperation nonetheless increased the technical competence of South Africa's nuclear engineers, scientists and technicians.

More important, during the past two decades various news reports have linked South Africa and Israel as partners in military and nuclear matters, including the 1979 flash over the South Atlantic. South Africa has also allegedly received German assistance with enrichment technology. If these reports are true, this cooperation would have directly contributed to Pretoria's production of HEU and the construction of nuclear devices. When de Klerk was questioned about the government's past failure to be fully candid about the nuclear program, he characterized previous official responses as "neither lies nor the full truth."

Given this cloudy past and the fact that all information about the nuclear program has not been disclosed, the ANC is warranted in doubting the government's figures of spending between 700 million and 800 million rand to produce nuclear weapons. The ANC believes that this total is at odds with the billions of rand allocated to the AEC over the years, which reached 980 million rand annually at the peak of the nuclear program, along with other funds hidden in various budget votes. All this funding could not have gone to the AEC's peaceful nuclear activities. How this money was used, and how much of it was channeled to the nuclear weapons program, remains uncertain.

TUG OF WAR FOR LEFTOVER URANIUM

WHILE THE MYSTERIES surrounding the Kalahari test site, the South Atlantic event, and even the disagreement over the nuclear program's cost figures are of interest to historians, the future of the country's HEU stockpile is the most pressing nuclear issue facing South Africa.

The debate over the future of the HEU takes place within the context of a larger dispute over Pretoria's transfer from the public to the private sector of the many governmental and quasi-governmental institutions. The ANC believes that a major objective of this unilateral

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restructuring is to place these institutions beyond the reach of an ANC-led government, and heading off this restructuring by the apartheid government sits high on the ANC's domestic agenda. Any decision by the current government regarding the future of the HEU would qualify as a type of unilateral restructuring and would be strongly opposed by the ANC.

There have been reports of the AEC trying to sell the HEU to foreign powers before next April's election, when an ANC-led government is expected to take office. To ensure that the HEU and other weapons-related technologies are not misused to serve any group's narrow interests, the ANC insists that a government of national unity be involved in future decision-making on matters of such strategic importance. Any foreign government that signs an agreement with Pretoria regarding the HEU stockpile without the prior knowledge and approval of the ANC will jeopardize future peaceful nuclear activities of a democratic South Africa.

Some foreign governments interpret the ANC's opposition to the present government's selling or otherwise removing the HEU stockpile from the country as an abdication of the ANC's long-standing commitment to nuclear nonproliferation. These doubts about the ANC's fitness as a nuclear custodian are not new; they most recently surfaced in December 1992. At that time, the ANC criticized the government's continued refusal to publicize its nuclear policy, a refusal that was undermining the confidence of the majority in the democratic process then underway—the negotiations of the Convention for a Democratic South Africa. At an international press conference in Johannesburg the ANC warned that continued government secrecy would amount to holding the country hostage to a nuclear threat. It was during this period of sustained ANC pressure that foreign news reports suggested that an ANC-led government would sell the HEU and nuclear technology to Cuba and the Palestine Liberation Organization to pay off old political debts.

The ANC dismissed these reports as mischief-making by Pretoria's intelligence apparatus and as an attempt to confuse the issues. The ANC said the minority government was trying to stoke fear of the ANC's stewardship in order to justify unilateral restructuring of the

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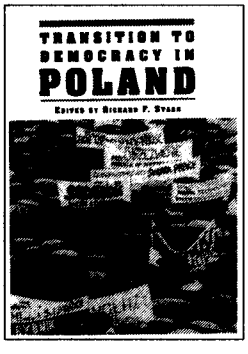

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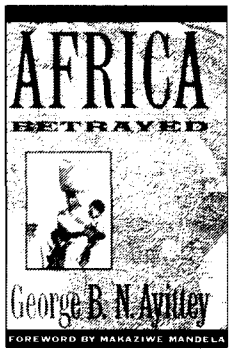

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nuclear program. The minority government may also have sought to strengthen its bargaining position in the sale of the HEU to foreign governments afraid of proliferation.

Fortunately, the government and the ANC appear to have reached consensus on what should be done with the HEU stockpile. At a meeting of senior AEC and ANC officials at Pelindaba last July, Waldo Stumpf, chief executive of the AEC, assured the ANC that the AEC had no intention of selling the HEU during the transitional period. In addition, because the AEC intends to become a commercially viable enterprise, Stumpf argued that it will need to retain all the HEU for medical isotope production in the Safari research reactor. Stumpf claims that South Africa could be one of the world's top three producers of these isotopes, yielding much-needed foreign exchange. The AEC estimates that South Africa would receive 15 million rand for the one-time sale of the HEU, as opposed to a revenue of 400 million to 500 million rand over ten years if the HEU is converted to fuel for the Safari reactor.

The ANC insists that it be involved in future decisions regarding disposal of uranium.

The picture painted by Stumpf and the AEC is obviously appealing, but the commercial potential of isotope production for export cannot be determined until the results of the ANC's macroeconomic study of the AEC are in hand. The potential of the HEU for proliferation should the material fall into the wrong hands adds a special dimension to dealing with isotope production, and a purely economic decision may not be possible. For the ANC the options regarding the future of the HEU are: sell the HEU to a foreign government, blend it into low-enriched uranium for use in nuclear power reactors, use it to produce medical isotopes, or sell the HEU to a foreign government for safekeeping and repurchase it as needed for the medical isotope program. If this last option is economically viable (depending on the price the HEU will bring on the international market and the cost for Safari fuel over ten to 20 years), South Africa will be able to assuage international concerns over proliferation and still realize the economic potential of isotope production.

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THE ANC'S NUCLEAR AGENDA

SOUTH AFRICA WILL need to decide a host of other nonproliferation issues during the next few years, but it has already taken some reassuring steps. Pretoria has accepted membership in the Zangger Committee, which lists nuclear exports that require safeguards. It has already applied for membership to the Nuclear Suppliers Group and membership in the Missile Technology Control Regime is under discussion. ANC President Nelson Mandela has declared that South Africa must never again allow its resources, scientists and engineers to produce weapons of mass destruction. His words indicate that South Africa's nuclear policies will seek to make the country a responsible member of the international nonproliferation community.

In May 1993 the South African Parliament enacted nonproliferation legislation that prohibits South African citizens from assisting in any program related to the construction of nuclear weapons. The government has also adopted export policies commensurate with established nonproliferation guidelines, which include restrictions on dual-use technologies. Regulations and enforcement procedures to ensure compliance with these laws are currently being developed.

Following next year's elections, the ANC will seek full participation for South Africa in the IAEA. Under Article VI of the IAEA Statute, in each region the member country most advanced in atomic energy technology holds a seat on the IAEA's Board of Governors. Although South Africa has the continent's most advanced nuclear program, Egypt has held the African seat since South Africa's expulsion in 1977. The ANC is likely to consult with Egypt, other African member countries and the IAEA to find a way to resolve this issue. Possible approaches include rotating membership on the board, enlarging the African contingent or, if it is agreed that South Africa resumes membership, a sunset period after which South Africa replaces Egypt.

South Africa also intends to cooperate fully with its neighbors to establish an African nuclear weapon-free zone. An NWFZ treaty will commit African states "not to research, develop, stockpile, manufacture, or otherwise possess or have control over any nuclear explosive device." Progress toward an African NWFZ has been slow because of

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the nuclear policy of the previous National Party government. However, in his March speech, President de Klerk articulated support for an African NWFZ, and the ANC also favors such a treaty. The U.N. and Organization of African Unity Group of Experts charged with drafting a NWFZ treaty is scheduled to meet for a fourth round of discussions this fall. It is hoped that a final draft will be ready for signature in time for the OAU's June 1994 summit.

As one of the world's major suppliers of uranium, South Africa would be shortsighted if it were to discontinue fuel fabrication and commercial enrichment services. Yet questions of economic viability will greatly influence the future of the country's nuclear program. The ANC is currently disinclined to support further uranium enrichment, given the massive investment of public funds this undertaking would require. The danger of proliferation also merits consideration in the decision whether to continue uranium enrichment. Regardless of how the uranium enrichment issue is decided, an ANC-led government will share the expertise of South Africa in peaceful applications of nuclear technology with other African states through applied training and scientific cooperation.

Most important, the story of South Africa's acquisition and subsequent dismantlement of its nuclear arsenal holds vital lessons. Pretoria's action establishes the precedent of nuclear rollback for other threshold nuclear states. Moreover, the careful and responsible manner in which South Africa dismantled its weapons, joined the NPT, cooperated fully with the IAEA and accepted comprehensive safeguards on its nuclear facilities may serve as a useful future model. Finally, Pretoria's gradual realization that its nuclear weapons were not only superfluous but actually counterproductive to achieving South Africa's political, military and economic objectives may be the most important lesson of all.

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The Challenges to Turkey

Eric Rouleau

THE CONTRADICTIONS OF ATATÜRK'S LEGACY

ISTANBUL IS AN APT metaphor for Turkey: at once multifaceted, diverse, and unitary; Byzantine, Ottoman, Asiatic, and European; modern and traditional; parochial and cosmopolitan; Muslim and Christian, even Jewish. Astride two continents—figuratively and literally, then, of Asia and Europe—the megapolis bears the marks of a succession of civilizations that are not merely superimposed, but that continue to coexist. The splendid domes of the Byzantine churches, built under the Eastern Roman Empire between the fifth and fifteenth centuries, are set off by the thousand and one graceful minarets of the mosques later built to the glory of the sultans of the Ottoman Empire: the basilica of Sancta Sophia, disguised as a mosque, symbolizes the synthesis. The presence in the city of the Greek patriarchate, the "Vatican" of Orthodox Christendom, testifies to the tolerance that allowed the sultans to reign over a multitude of peoples and races, religions and sects, in an empire that stretched from the Arab east to the borders of the Austro-Hungarian Empire, from the Balkans to North Africa. The astonishing range of physical types and complexions in Istanbul today is a reflection of that great diversity.

In founding the republic on the ashes of empire following the debacle of World War I, Kemal Atatürk imposed upon these disparate peoples the dogma of the homogeneity of the Turkish nation. He saw the elimination of ethnic and cultural differences as the only

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way to forge the cohesion needed to create a modern nation state on the European model. Through persuasion, but also by draconian decrees and repressive measures, he succeeded in imposing an identity that sought to be monolithic, a culture of Western inspiration.

The vestiges of Kemalist policy are considerable, but atavisms and centuries-old traditions began to resurface soon after Atatürk's death. They have continued to gather force with the democratization that has been proceeding by fits and starts since the 1950s, and especially since the early 1980s. Taboos are falling one by one. Not so long ago, favorable references to the history and culture of the Ottoman Empire were frowned upon in "politically correct" circles. Today, Turks speak with pride of their Ottoman heritage even while retaining a certain critical distance. They likewise readily refer to their ethnic origins without in any way diminishing their "Turkishness," in much the way an American might speak of being "Irish" or "Italian."

Former President Özal, who died earlier this year, contributed a great deal to reconciling the Turks with their past and promoting the synthesis between Kemalism and what he considered to be the positive aspects of Ottomanism. He believed that diversity in unity could contribute to strength and stability, just as it had under the empire.

BEYOND KEMALIST ISOLATION

ÖZAL'S CONVICTIONS were well suited to the geopolitical needs of a new international situation. The fall of the Berlin Wall ended Turkey's long-standing strategic role in a bipolar world. Meanwhile, the collapse of the Soviet Union and the consequent independence of the Central Asian republics opened Turkey's eyes to a vast territory inhabited by some 150 million fellow Muslim Turkic-speakers on its northern borders. The years of claustrophobia abruptly ended, while the isolationist doctrine Atatürk had imposed to safeguard the vulnerable young republic was now seen as obsolete.

The potential benefits of this ethnic and religious kinship in states often rich in natural resources were not lost on Ankara. Businessmen, entrepreneurs, industrialists, bankers, merchants—preceded or followed by high government officials, politicians, functionaries and

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experts—flocked to the six "sister" republics to the north. Some hundred protocols and cooperation agreements in diverse areas—banking, industry, agriculture, trade, aeronautics, education, publishing, academic and military training, among others—were concluded. Aspiring to become the cultural Mecca of the Turkic-speaking world, Turkey began flooding the Central Asian republics with journals, books, and television programs beamed via a French-built satellite station.

It was not long, however, before the euphoria began to be tempered by the realities. Turkish publications, in Latin characters, were little accessible to populations who knew only Cyrillic. And even if the Central Asian republics were to adopt the Latin alphabet, as several of them considered doing immediately after their independence, a common language and religion are not sufficient bases for tight cooperation, to say nothing of osmosis, between peoples—as the Arabs discovered some time ago. Moreover, the hoped-for "privileged partnership" could not develop: it soon became clear that Turkey's financial and technological means were too limited to meet the immense socioeconomic needs of the underdeveloped former Soviet republics, and in any case Turkey would have been no match for rival powers in the scramble for Central Asia's resources. Increasingly, then, the new republics are turning towards the great industrial powers. Finally, Ankara discovered that the links between the Central Asian republics and Russia, in some cases forged over centuries and at all events reinforced by need and dependency, were far more solid than originally suspected.

Ankara discovered that the links between the Central Asian republics and Russia were more solid than suspected.

The limits of the romance with Central Asia are well exemplified in the latest developments in Azerbaijan, the most favorably disposed toward Turkey of all the republics. It appears that President Geidar Alyev is on the point of joining the Commonwealth of Independent States, thus consolidating Azerbaijan's relations with Moscow, and will probably scrap the pipeline project that was to carry oil from Kazakhastan and Azerbaijan to the Mediterranean through Turkish territory. The cooling of relations between Baku and Ankara is partly

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due to Turkish policy in the Caucasus. The Azerbaijanis were disappointed by the refusal of their "big brother" to help oppose the Armenian army whose military victories led to the fall of President Ebulfez Elcibey, a warm supporter of Turkey. The ostensible reason for this refusal was Ankara's fidelity to the Kemalist credo of nonintervention in conflicts beyond its borders formulated in the National Pact of 1920. This same principle contributed to Turkey's decision not to participate directly in the Persian Gulf War and, more recently, not to support the Bosnian Muslims militarily against their Serbian and Croatian enemies.

In fact, diplomatic pressures from Russia and certain Western powers may not have been foreign to Turkey's standing apart from the Azerbaijani and Bosnian conflicts. In the case of the Gulf War, Turkey's allowing the coalition forces to attack Iraq from Turkish territory was already at odds with Atatürk's precepts; to a lesser extent, so is Ankara's "active solidarity" with Turkic-speaking or Muslim populations beyond its borders. It is thus that the Kemalist doctrine has already been adapted to the new situation, even though the Ankara government continues to honor the tradition by strongly condemning all forms of expansionism, including pan-Turanism and pan-Islamism.

Despite its extreme caution, the diplomacy of Ankara has shown a remarkable dynamism. It is true that the international context has never since the birth of the republic been as favorable to Turkey as it is today. The collapse of the Soviet Union, the destruction of Iraq's military and economic potential, the exhaustion of Iran through eight years of war, all contributed to raising Turkey to the level of the preeminent regional power. Ankara wasted no time building on this new situation, launching various initiatives aimed at extending its sphere of influence. It was the prime mover behind the creation of an Association of Black Sea Countries, a free trade zone now being set up whose economic function may well mask political ambitions. The association, which comprises Russia, the Ukraine, Georgia, Moldavia, Greece, Armenia, and Azerbaijan in addition to Turkey, should lead, among other things, to the lowering of trade barriers, the free circulation of capital, and the creation of a common parliamentary assembly whose essential task would be to harmonize legislations of the mem-

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ber states. In parallel fashion, Ankara has directed what could be called a charm offensive at the Balkan states, concluding a number of cooperation agreements, particularly in the military field, with Albania, Romania and Bulgaria; predictably enough, these moves have heightened Greek worries about being "besieged" by Turkey and its new allies. Finally, it was under Ankara's sponsorship that the six Muslim republics of Central Asia were admitted to the Economic Cooperation Organization along with Turkey, Iran and Pakistan.

OVERCOMING ARAB SUSPICIONS

ANKARA ALSO HOPES to play a guiding role in the Middle East. Its determining support during the gulf crisis earned it the gratitude—sometimes expressed in concrete form—of a number of Arab states, especially in the gulf. Thus, despite considerable economic interests in Iraq, Turkey did not hesitate to enforce the U.N. embargo (thereby having to sacrifice, among other things, its royalties from the transport of Iraqi oil), placed the air base of Incerlik at the disposal of the coalition forces and, finally, came to the aid of hundreds of thousands of refugees fleeing the horrors of Iraq.

Turkey's full participation in the Israeli-Arab multilateral negotiations has confirmed its status as a regional power and assured it a significant role in the new era now dawning in the Middle East. Turkey has some valuable trump cards in this regard. As the first Muslim country to recognize Israel at the time of its creation in 1948, it has maintained excellent relations with the Jewish state ever since. It was also the first non-Arab Muslim country to support the Palestine Liberation Organization's proclamation of the State of Palestine in 1988. Of particular importance in the regional context are its abundant water resources which, while creating tensions with Syria and Iraq because of its control of the headwaters of the Tigris and the Euphrates, will enable it to play a positive role in attenuating a major area of dispute between Israelis and Palestinians.

A number of other factors should make Turkey an attractive model for the Arab world. As a Muslim power with a moderate secular system, it offers a credible alternative to the fundamentalism that rav-

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ages the region and constitutes as well a counterweight to Khomeinist Iran. Its successful adaptation to the market economy and its evolution toward democracy could serve as an example for a number of Arab states that fear democracy's possibly destabilizing effects and that have resisted adapting to the modern world.

Nonetheless, an important obstacle stands in the way of Turkey's full integration into the Middle East and, as a result, could deprive it of the role it deserves. Seventy years after the collapse of the Ottoman Empire, a mutual suspicion—largely unfounded—persists. The former rulers have not forgotten what they saw as the Arab "betrayal" of rallying to the British during World War I to gain their independence. The former subject peoples have not forgotten the centuries of Ottoman rule and the harsh repression that followed the emergence of their national movements, and some Arabs suspect Ankara of harboring "Ottoman ambitions." Psychological barriers being more difficult to overcome than material disputes, Turkish-Arab relations are unlikely to grow significantly in the near future.

WANTING A LEG UP FROM A TOEHOLD

BUT EVEN WHEN Turkish enthusiasm over prospects in Central Asia and the Middle East was at its height, Ankara never deviated from its long-standing and deep conviction that Turkey's future lies with Europe. While analysts were still overestimating regional potential, the authorities steadfastly maintained that there was no substitute for the European Community, and that Turkey's integration would be accelerated the day Europeans understood that Turkey alone could serve as a bridge, or even a buffer, between East and West.

Turkey's determination to become an integral part of Europe is the fruit of a national consensus that could seem strange in a Muslim country with nothing more than a geographical toehold in Europe. In fact, this aspiration is not recent. The Ottoman Empire was itself a European power by virtue of vast possessions in the continent, and as early as the beginning of the nineteenth century, the reformist sultans sought to modernize the empire by adopting the structures, behaviors and customs of its more developed Western neighbors (and

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especially, paradoxically, of Republican France). The Young Turk Revolution at the beginning of this century, and especially Atatürk's revolution two decades later transformed what had been an orientation into a deliberate policy, if not a dogma: Turkey's rebirth, modernization and democratization could be achieved only through full integration in the advanced industrial world, Western and more precisely European.

The heirs of Atatürk have neglected nothing to achieve this objective. With conviction and determination, they brought Turkey into NATO, the European Economic Community (as an associate member), the Organization for Economic Cooperation and Development, the Council of Europe, the Conference on Security and Cooperation in Europe, and the Western European Union (likewise as an associate). Turkey also adhered to a whole range of European conventions. Two thirds of Turkey's exports go to the OECD countries, half to members of the European Community alone. Investment capital, technology transfers, remittances from millions of "guest workers," and equally considerable tourism revenues all flow from Europe. In the light of all this, it is hardly surprising that Turkey places such importance on becoming a full member of the EC.

The 1989 decision of the Commission of Brussels to adjourn sine die the review of Turkey's membership application unleashed such an explosion of indignation that it took many observers by surprise. The EC ambassadors in Ankara were overwhelmed by the unfurling of protests, bitter reproaches and accusations of racist discrimination and anti-Muslim prejudices directed at them by government representatives, political parties and the media alike. It was at this juncture, to boot, that certain American high officials deemed it appropriate to "deplore" the ostracism directed against "a faithful and loyal ally of the West" and to offer its good offices to persuade the Community to revoke its decision, adding to the difficulty of making any kind of rational explanation of the Brussels decision. However understandable the Turkish anger, the fact remains that Turkey was far from fulfilling the strict admission requirements for this very select club of affluent, democratic states.

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Özal's unfinished business

It is true that Turkey's success in moving from a statist, centrally guided, autarkic economic system to a market economy in less than 15 years is nothing short of spectacular—and this thanks to Turgut Özal, designated in a recent poll as the best prime minister the country has ever known. With a rare combination of firmness and flexibility, this former World Bank expert was able to loosen the grip of Kemalist dogmas, entrenched habits and bureaucratic mentalities in order to bring Turkey into the modern world. Under his impetus, the Turkish economy experienced a remarkable expansion. Since 1981, and except for 1991 (the year of the Gulf War), its annual growth rate has oscillated between six and eight percent, the highest rate for any member of the OECD, including Japan.

Manufacturing witnessed such a boom that the value of industrial exports quadrupled, and they now constitute 80 percent of total exports, compared to only 35 percent ten years ago. Agricultural production, which has always satisfied domestic consumption, is likewise undergoing a strong expansion, and once the 22 dams currently under construction in the southeast (the GAP project) are completed, opening an additional 1.5 million hectares to cultivation, Turkey will have a substantial agricultural surplus in need of markets. Other infrastructure is being developed: electricity production has increased by 150 percent over the past ten years, while the road network and the telecommunications system are superior to those in Eastern and Central Europe. Capital market infrastructures are also being developed, and the Turkish currency, the lira, freed of exchange controls, is virtually convertible.

Nonetheless, these positive developments cannot mask the structural weaknesses and the disequilibriums of the Turkish economy, which are incompatible with EC norms. The chronic and constantly rising budget deficit is over 14 percent of the GDP, while the authorized ceiling in the EC is 3 percent. The national debt of $60 billion—which makes Turkey the eighth largest debtor nation in the world—also contributes to a persistent inflation that this year will hit 70 percent—ten times the average rate in the EC countries.

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The prohibitively high cost of credit—80 to 100 percent a year—as well as the intrinsic weakness of the national investment capital, among other factors, limits productive investments, which are proportionally three times lower than the average in the Community (13 percent of GDP against 44.6 percent). Such conditions raise the question of whether job creation will be able to keep pace with a population growth expected to rise from its current level of 56 million to 90 million over the next 30 years. Chronic unemployment, the loss of purchasing power of wage earners and the erosion of the currency have already led some five million Turks to seek employment in Europe before Europe itself was struck full force by recession. Given the current unemployment situation in the EC countries, Turkey's admission to the organization, which would involve the lifting of all restrictions on population movement, would result in an intolerable situation for the European member states.

Ankara is aware that the EC is in no position to assume the burden of an economy in the throes of restructuring.

Ankara is by now fully aware that the Community is not in a position to assume the burden of an economy in the throes of restructuring, especially at a time when the Maastricht Treaty is confronting it with new and formidable problems. Nor could Turkey itself bear the obligations arising from the creation of a single currency, which its membership would entail. It was thus that, by mutual agreement, it was decided to proceed by stages: Turkey has agreed to integrate itself fully in the customs union before January 1995. This first operation will be painful, because the reduction of anticipated customs duties on some 18,000 products imported from Europe will force domestic industries to carry out far-reaching and risky changes.

In addition to these economic deficiencies, Turkey has a number of political problems that, left unsolved, stand in the way of its EC admission. The first of these is democratization, which will have to be completed before Turkey can join. Here, too, it should be noted that Turkey has achieved significant and rapid progress despite three military coups d'etat since 1960. The multiparty system and an elected parliament both operate quite satisfactorily and many of the pub-

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lic freedoms, particularly of the press, are to a great extent respected. Newspapers can—and do—write libelously of the prime minister and president in the secure knowledge that at worst they will have to pay fines or damages. This does not change the fact that certain after-effects of the military regime that ruled from 1980 to 1983 have not been eliminated. The constitution and a number of laws and regulations significantly curtail other basic rights, or are worded in such a way as to enable the courts and the security services to interpret them in an abusive manner.

DEMOCRACY AND THE ISLAMIC GENIE

AN ADDITIONAL POLITICAL problem seen as vital for the stability of the Turkish republic and of particular concern to the Europeans, is Islamic revivalism. Westerners are often misled by erroneous comparisons with Khomeinist Iran, confusing Islam with fundamentalism and failing to distinguish between a practicing Muslim and a partisan of an Islamic state governed by the *sharia*. It is true that Islamic-style beards and veiled women have proliferated in Turkey, that mosques are drawing ever larger crowds, and that some bookstores are overflowing with books and journals, cassettes, compact disks and videos glorifying Islamic history, precepts and way of life and exalting the Ottoman Empire's role in preserving the values of the Prophet Muhammad. According to the *Turkish Daily News*, a respected English-language newspaper, at the beginning of this year Turkey had no fewer than 290 publishing houses and printing presses, 300 publications including four dailies, some hundred unlicensed radio stations and about 30 likewise unlicensed television channels, all propagating Islamic ideology.

Most Turks do not see this phenomenon as cause for alarm. After all, they say, what could be more natural in a world shaken by sudden and far-reaching change than for people to turn toward religion or seek to affirm an identity confused by a fast-paced Westernization imposed from above? And how different is the Islamic revival that has followed the erosion of secular Kemalist doctrines from the resurgence of the Orthodox Church in Russia following the collapse of communism?

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Kemalist secularists, on the other hand—and they are legion among the Westernized, well-off classes—tend to see in every practicing Muslim a potential Islamist. They are concerned about the lack of vigilance on the part of the authorities and shocked by certain indulgent measures that would have been unheard of under Atatürk, such as setting aside rooms in public offices and government buildings for prayers, allowing girls to wear Islamic head coverings to public schools, and so on. Many of these practices, it is true, either existed under the Ottoman Empire or could well have been approved by its rulers, but this does not make them less shocking for those weaned on Kemalist doctrine. The great Muslim *tarikas*, banned and persecuted during the reign of Atatürk, are now operating with impunity even though they are still technically illegal. The influence of these secret societies, with their Masonic-type rituals and solidarity and their social welfare activities, reaches to the heart of the ostensibly secular political parties, which seek their electoral support.

For better or worse, democracy has brought Islam out of the closet in which it had been barricaded during the era of one-party rule that, in practice, prevailed under Atatürk. In their eagerness to curry favor with the public and gain votes, politicians—and even the military, the very bastion and guardian of secularism—had to take into account the religious aspirations of the population: not a few of the concessions they granted smacked of demagoguery. Thus, along with the public schools, the state has been financing Islamic-oriented schools, the so-called *imam hatip* schools, where tens of thousands of young people, many of whom will certainly enter government service, are imbued with the precepts of the Prophet. Mosques are being built with government funds, and Kemalist critics complain that the government is building more mosques than public schools. Under the current constitution, promulgated by the military government, the teaching of religion (i.e., Islam) is compulsory in all schools "to cement national unity," in the words of General Kenan Evren, head of the military coup d'etat of 1980.

In practice, the principle of secularism, or the separation of church and state, has been replaced by a system that places Islam under the control of a secular government—a compromise between Kemalism

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and Ottomanism. Indeed, the Office of Religious Affairs, whose budget is larger than that of some ministries, is in charge of everything having to do with Islam, from religious schools to mosques. The imams, who are paid by the state, often receive instructions on what to say or not to say in their sermons. In the short term, at least, the realistic approach of these "neo-Ottomans"—one of whose champions was Turgut Özal—has paid off. Secularism, at least in its essentials, has resisted the wave of Islamism that has engulfed the region. The Turkish republic continues to be governed according to various secular laws, notably French and Swiss, that Atatürk adopted to replace the *sharia* of the imperial era. Alcohol still flows freely in public establishments and young girls in miniskirts or jeans, moving about unhindered, still clearly outnumber veiled women in the cities; magazines plastered with nudes are sold on the streets in full view of indifferent passersby, and pornographic movie houses advertise their fare with suggestive photos more appropriate to Amsterdam or New York.

Since the constitution outlaws parties based on religion, the Islamists are concentrated in the Prosperity Party. They carry on their activities and propagate their cause without interference and enjoy a respectable representation in parliament. In all legislative elections since the 1950s, the Islamist parties have generally received an average of ten percent—never more than 15 percent—of the vote, although they are on the rise in local elections, especially in Istanbul. Still, those who fear the "Islamic threat" in Turkey would do well to consider that these percentages are equivalent to the electoral showings of France's extreme rightist National Front of Jean-Marie Le Pen.

As for the Islamists' future prospects, much depends on the ability of the government and the secular parties to cope with the grave problems Turkey could face. In Algeria and Iran, for example, it was the powerlessness of the secular forces in the face of the challenges posed by their respective national crises that enabled the Islamists to present a credible alternative to those in power.

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KURDS: SLOW-MOTION CATASTROPHE?

THE NATIONAL CRISIS facing Turkey today, and on which it risks running aground, is beyond question the Kurdish crisis. The problem—to use an understatement—is all the more difficult to resolve in that the Kurds officially do not exist. The Turkish system, like the French nation-state concept on which it is modeled, does not recognize the legal existence of indigenous minorities, whether ethnic or religious. Citizenship is based on the individual rather than on ethnic or religious identity: Kemalist doctrine posits that nationhood and citizenship are one. It is thus that there is no distinction between Turks and Kurds in government records or statistics, which means no one knows the exact size or geographic distribution of the Kurdish population. Nonetheless, from various estimates it would appear that Turkey has about 10 million Kurds, or about 17 percent of the population. Anywhere between one half and two thirds of these live outside the southeastern provinces, or Turkish "Kurdistan."

Whatever the uncertainties in terms of demographics, there is no doubt that the Kurdish problem increasingly dominates domestic politics. It undermines the credibility and stability of the government. It poisons the traditionally harmonious relations between Turkey's two main ethnic groups, and in the long run could even threaten the country's cohesion. Indeed, the growth of the PKK separatist movement during the last few years has been such that fears of civil war of the Yugoslav type can no longer be considered farfetched.

Nine years ago, when the PKK launched its guerrilla warfare, it totaled a mere 200 fighters and enjoyed little support among the Kurdish population. Today, according to a confidential report prepared for the president and cited by the *Turkish Daily News*, some 10,000 to 15,000 PKK guerrillas, battle-hardened and well armed, are entrenched in mountain strongholds; when one adds the militia, working underground against government security forces in the cities, the PKK fighting force reaches as high as 60,000. In total, according to the report, the organization numbers about 375,000 fighters, sympathizers, and active supporters in the southeastern provinces alone, or about one-fifth of the adult population there. Nor is the organization's support

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limited to the southeast, as can be seen in the increasing number of bomb attacks and other incidents in the cities of the south and west.

The surge witnessed by the PKK cannot be explained either by its Marxist-Leninist ideology, which is alien to the local mentality, or by its ultimate goal of establishing an independent state—a goal the majority of the Kurdish population does not share. Assimilated, integrated, rarely subject to any kind of discrimination, and living for the most part in western Turkey and in large cities, especially Istanbul, they would not wish to abandon their homes and jobs to settle in a hypothetical state that would be surrounded on all sides by hostile countries. Indeed, the governments of Ankara, Tehran and Damascus, despite their conflicting interests in other domains, have already held several meetings on the Kurdish issue and have agreed to oppose "through any means" all secessionist attempts by the Iraqi Kurds. In other words, the three governments would be ready to come to the aid of their erstwhile arch-enemy Saddam Hussein in order to "preserve the territorial integrity of Iraq"—and, needless to say, of their own states.

What are the aspirations of the Kurds of Turkey? Most observers agree that even those who claim the right to independence would settle for what would be considered normal democratic rights in the West—the rights to a specific identity, to schooling in their own language as well as in Turkish, to broadcast and publish in Kurdish, to organize their own cultural activities, and—why not?—to form political parties dedicated to defending their moral and material interests.

There are indications that former President Özal did not consider such demands as necessarily contrary to the interests of national unity. He even hinted at the possibility of a far-reaching decentralization, albeit short of full autonomy, aimed at satisfying Kurdish aspirations. Özal, referred to as "the Sultan" as much for his Ottomanist attitudes as for what critics considered a certain high-handedness, apparently believed that decentralization measures would be necessary to preserve the unity of the Turkish republic—just as the Ottomans had preserved their empire for centuries by allowing its constituent ethnic and religious groups a large measure of cultural and administrative autonomy. But Özal had to tread carefully so as not to antagonize

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Kemalist and indeed nationalist sensibilities, and he died before being able to change the minds and policies of his fellow politicians.

It is true that the actions of the Turkish authorities against the Kurdish separatists are at least partly motivated by deep fears of dismemberment, an obsession dating to allied attempts following World War I to carve up even the Anatolian remains of the Ottoman Empire, leaving for "Turkey" a mere province around Ankara. But it also true that government policy is contributing to the growth of Kurdish separatism more than any other factor—more than the impact of Kurdish autonomy in the no-fly zone across the Iraqi border, more than the upsurge in ethnic identity that seems to be sweeping much of the world.

Government policy is contributing to the growth of Kurdish separatism more than any other factor.

There are many in the Turkish intelligentsia and the press who decry what they see as the shortsightedness not to say the folly of the policy pursued by Özal's successors. Indeed, for the present government, the problem is not one of Kurds but of "terrorists;" it is not a question of real grievances but of false problems stirred up by foreign powers—by Syria, Iran, Iraq, Greece, Cyprus, Armenia, and so on. And while the PKK has without doubt committed atrocities, which have been widely and repeatedly condemned by Western powers, governments must be held to higher standards than outlaws.

The government's handling of the problem is now essentially reduced to mobilizing a significant part of the Turkish armed forces, supported by units of the gendarmerie and the anti-guerrilla "special forces," against the PKK fighters and their suspected civilian accomplices. The Turkish press reports military operations on a grand scale involving infantry, mechanized units, heavy artillery, tanks, helicopters and even fighter planes. Hundreds of hamlets and villages are reportedly evacuated and often razed to the ground, their houses and all their furnishings burned down in full view of terrorized inhabitants suspected of supporting the PKK. The harvest of such operations was summed up by a Turkish army officer quoted in the *Turkish Daily News*: "Half the men then go up to join the PKK. The other half move

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to the cities where they become the militia." In the war against the PKK, there are also allegations of summary executions of captured "terrorists." Scores of assassinations have been carried out: 14 journalists, numerous notables suspected of PKK sympathies and a member of parliament are among those who have been gunned down. Most of these crimes have been claimed by shadowy groups of unknown backing; none has been solved; no arrests have been made.

In nine years of fighting, the number of deaths in the two camps reaches some 10,000, according to a semi-official estimate—more than 22,000 according to figures published by the PKK last August. That was a month after Prime Minister Tansu Çiller announced that "victory is within reach"—an announcement repeated in virtually identical terms on countless occasions by her predecessors. The prime minister went on to elaborate that the war between the "elephant" (the Turkish forces) and the "fly" (the PKK) would soon be over, a remark that prompted the editor of the *Turkish Daily News*, Ilnur Cevik, to write: "Our elephant, while trying to crush the fly, seems to be missing the insect and in the process is destroying everything it steps on." Cevik concluded his editorial with the assertion that the government's ill-conceived policy greatly contributes to the growing popularity of the PKK and is leading the country to catastrophe.

RISKING A BRIGHT FUTURE

TURKEY, HAVING EMERGED from a long isolation into a new international conjuncture fraught with opportunities and risks, pulled in various directions by the conflicting aspirations of a diverse population, stands before a number of choices. Rich in natural resources, endowed with a hardworking, disciplined population inured to hardship, a relatively large and well-educated middle class, a competent bureaucracy, and entrepreneurial talent, Turkey would seem to have all the ingredients for a bright future.

In the economic sphere, it is showing willingness to make the painful sacrifices needed to integrate itself into Europe, despite the problems such integration inevitably entails in terms of economic dislocation, social tensions and cultural backlash (one form of which is

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Islamic revivalism). In the international conjuncture, the pie-in-the-sky hopes initially inspired by the opening to Central Asia and the Middle East appear to have given way to more sober assessments and a determination to move forward with a more solid, rational approach.

Given all this, it would be tragic if Turkey's prospects are put at risk by the continuation of a war against the Kurds that can only be disastrous and for which there is no military solution; similar situations in other parts of the world have amply shown that only a negotiated political solution in a democratic environment can lead to reconciliation and national cohesion. The war in the southeast risks in the long run undermining an economy that is basically sound, discrediting the conventional political parties that are responsible for the situation, and playing into the hands of the Islamists or—perhaps the greater danger—reversing the progress toward democracy.

Such bleak prospects may well be exaggerated. As an old nation, Turkey has that capacity for adaptation conferred by great civilizations. Given its regional and international influence and the support of Western powers anxious to preserve its unity and existing borders, there is reason to hope that Turkey will be able to overcome its difficulties and assume the leadership role for which it seems destined.

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Is Pinochet the Model?

Angelo Codevilla

CHILE'S RECIPE WILL NOT WORK

CHILEANS ARE BEMUSED by the attention paid the robust economy bequeathed them by General Augusto Pinochet. Reformers as far afield as Europe and America have taken special note of his reform of health care, education and social security. President Carlos Saul Menem pinned a medal on Pinochet, wishing aloud that he had received Argentina from his own democratically elected predecessor in as good political and economic condition. Most ironically, the one-time Soviet Communist Party organ *Pravda*—which had led a worldwide campaign against the Chilean leader—interviewed Pinochet to ask how Russia might follow the Chilean example.

Indeed, the "Pinochet model" is one of the standard cures touted for nearly any country seeking to make the transition from socialist poverty. This model, as it is widely understood, calls for some combination of political repression and economic liberalism: a strong-armed leader imposes a period of economic austerity and political stasis, after which the country emerges with a lean free-market economy, a vigorous civil society and a political class that is once again ready to assume the reins of government.

The closer one looks, however, the more difficult it is to construe a model from Chile's experience. Chile's reforms are indeed admirable. But the path by which they were achieved is less so. Beyond its repressive, undemocratic nature, the military government

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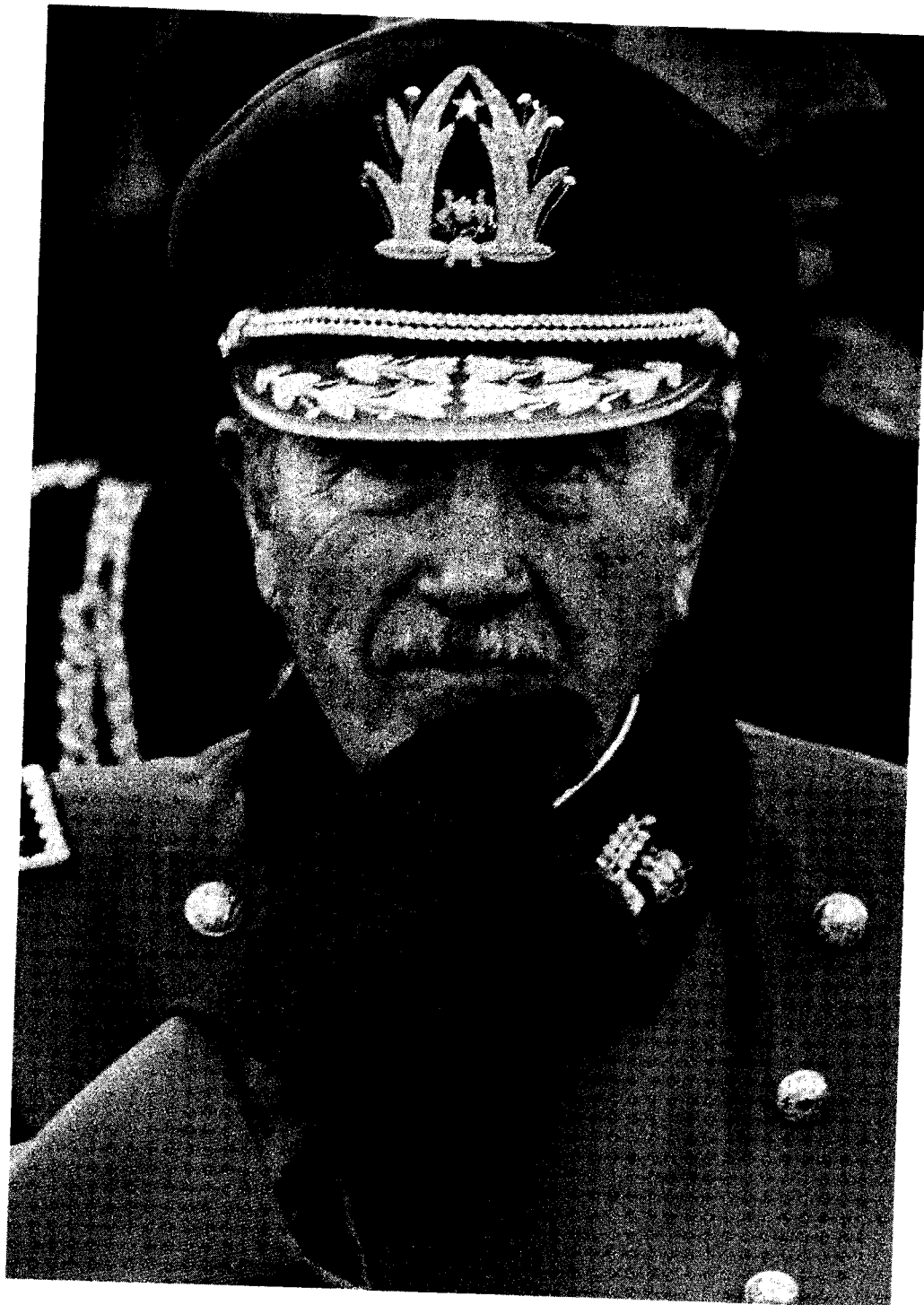

THE BETTMANN ARCHIVE

Is his the only strategy that works?

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did not follow a clear blueprint or schedule for reform, and it made many inconsistent, counterproductive and nearly disastrous decisions along the way. Moreover, the accidents of time, place and fortune make it impossible for other countries to tread the same path. Between 1970 and 1973, Salvador Allende's avowedly Marxist government inflicted the full logic of statism on the Chilean people. By doing so, it created a demand for a radical about-face. The military thus took power with the simple idea of reversing Chile's long history of statist government. It was that vision, rather than the acrimonious 16-year political-military war between the armed forces and the country's traditional parties, that changed the country to the point where few Chileans long for the old days.

CHILE'S GREAT LEAP FORWARD

BETWEEN 1970 AND 1990 Chile changed dramatically. In 1970, when Eduardo Frei transferred the presidency to Salvador Allende, Chile had enjoyed six years as the beneficiary of worldwide prosperity and record prices for its copper exports. Chile was the world's second largest recipient of foreign aid per capita. Yet only half the homes in the country had inside bathrooms. In 1990, after Pinochet—despite 16 years as an international pariah and the target of trade boycotts, disinvestment and foreign aid cutoffs—about nine out of ten Chilean homes had them. Only a half million homes had televisions or refrigerators after Frei. After Pinochet, two million did, about two thirds of homes. In 1990, although per capita GDP stood at a relatively low $2,000 per year, it had increased in constant pesos by 50 percent. Since the 1982–83 recession it had grown by seven percent a year.

But Chile's advances were more than material. The country also saw vast social changes as well as a stark transformation of the role of government. After Frei, 82.2 babies per thousand died in infancy. After Pinochet, that figure fell to 17. Reduced infant mortality plus better nutrition and sanitation increased life expectancy from 63.6 years in 1970 to 71.8 in 1990. In 1973 the Chilean government had 650,000 employees. By 1989 the Chilean people had only 157,871 central government employees to support and to obey. By 1992 polls

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showed that people of all classes rated their satisfaction with the bureaucracy as 5.2 out of 7.

Before 1973 the middle and lower-middle classes had regarded the government as a major source of employment and as the fount of entitlements. The military government, however, cut all but the very poor out of most social expenditures. In 1970 one out of ten Chilean voters was also a dues-paying member of a political party—and no wonder, since the government controlled perhaps 75 percent of GDP. By 1990, party membership drives yielded only four percent of voters: the value of partisan connections had fallen because government now controlled only about one fourth of GDP.

The psychological changes that took place among Chileans were dramatic. By 1990 a plurality identified neither with the political left, right nor center. Rather, they saw themselves as independents or as apolitical. Prior to 1973 political parties had been able to count on followers tightly bound by direct material interest and ideology. By 1990, opinion polls showed that large percentages of voters had become both unattached and skeptical and could now shift easily among parties and candidates. In the intervening years Chileans had been convinced to prefer moderate politics or to remove themselves from politics altogether. They had been taught the limits of government and to look to themselves rather than to the state. Today Chile remarkably resembles the kind of state that some of the military regime's leading personages had wanted. But how this transformation came about does not necessarily serve as a recipe for other countries.

THE FORCE OF IDEAS

PRESIDENT SALVADOR ALLENDE'S socialist-communist coalition, elected in 1970 with 36 percent of the vote, represented the culmination of a long history of statist government in Chile. Although Allende's economic policies differed more in degree than in kind from modern interest-group redistributionism, the regime presented itself as avowedly Marxist. It instituted food rationing, introduced a new school curriculum that amounted to indoctrination, ignored more than 7,000 court rulings, and replaced the rule of law with the pre-

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rogative of its partisans. As popular resistance mounted, Allende did his best to bring the military into his fold, hoping to borrow its force or at least to deny it to his enemies, which by 1973 included the entire political spectrum outside the extreme left. Both the congress and the supreme court formally declared that Allende had breached the constitution and asked that the military intervene.

It did, and during Pinochet's 16 years in power the regime and the far left goaded each other in word and deed, producing death and rancor. In a typical incident, a riot squad caught a young couple with a Molotov cocktail and used it to set them afire. Torture was common. Many observers of Chile's experience have thus concluded that Pinochet's repressive rule was ultimately responsible for the eclipse of the country's deeply entrenched leftist culture. But they are as mistaken as those who predicted in the 1980s that Pinochet was merely a goon unwittingly paving the way for communism. Both views focus on a struggle between counterinsurgency and opposition forces that was more violent than meaningful. They overlook the more significant political battle that Pinochet waged against the entire establishment that had ruled Chile since the 1930s.

The generals' guns proved far less important than the ideas they adopted.

The generals' guns proved far less important than the ideas they adopted. None of the Chilean reforms that have drawn the world's interest were accomplished by force. In fact, the generals' agenda required peculiarly unmilitary kinds of force—the force by which one conceives plans and holds one's team together, the force by which one persuades people to vote yes rather than no, or to abandon an old social security scheme and sign up with a voluntary new plan, and the force to say no to friendly business people looking for a special break.

Each of the groups that had asked for the military's intervention to overthrow the Allende government in September 1973 hoped to be the generals' special beneficiary. The generals, however, judged that Allende's avowedly Marxist regime was only the climax of the long-growing tendency of Chileans to use state power to try to live off one another—a tendency to which all parties had contributed. Rather than arbitrate indefinitely among bad alternatives, the generals took

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power having already decided to try to break the political system's bad habits and to inculcate new ones.

When Pinochet made the generals' agenda unmistakable in March 1974, Chilean politics divided along a new line. The business community split. Some business people hard-pressed by the Allende regime were even more frightened by generals who promised to do away with all privileged relationships. Others kept their fears to themselves and sided with the generals. In the conservative parties the split was generational, with the young tending to support the military's promise of economic freedom and impartial government at the expense of a long political time-out. On the other side, the Christian Democrats, who had begged the army's help against the socialists and defended the coup abroad, now joined the socialists and communists in demonizing Pinochet.

Pinochet wavered between reformers and old-style conservatives, and the long exercise of power dulled his political focus. Nevertheless, more often than not he stuck to an inherently productive agenda, one that used consumer sovereignty to combat the power of politicians to draw rent from society. The thrust of the regime's reforms combined the military's attachment to the idea of frugal, impartial, authoritative government with the free-market preferences of its favorite civilians. Legal-constitutional and economic reforms worked to a coherent end because the regime understood that liberal government requires liberal economics and vice versa.

REINVENTING GOVERNMENT

THE WORLD HAS KNOWN innumerable brutal regimes that have not bettered their country's economy or mentality. But the drafters of Chile's new constitution and "organic laws," as well as those charged with the economic reforms, concentrated on fixing what they saw as previous regimes' fatal flaw: the state, they believed, had manipulated, distorted and increasingly embittered group competition.

The authors scorned nothing so much as modern states that tout their citizens' freedom to elect their own government while forcing them to obtain permission to work out the least details of personal,

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family and professional life. The new constitution thus puts special emphasis on safeguarding citizens' freedom from government. It is deliberately friendly to individual rather than group rights. Equal treatment before the law is safeguarded by allowing citizens to take the government to court for perceived arbitrariness or illegal behavior. It specifies that the right of free association also implies the freedom not to join a group, that each family may educate its own children without state interference, and that no law may deprive a person of property or professional preference. The right to life is protected even before birth.

Chilean policymakers did not try to improve the economy through economic policy alone. They realized that weakening party bossism by requiring democratic procedures within parties and cutting the ties between politicians and interest groups is at least as important to securing an investment climate as establishing an independent central bank. Chile's reformers tried to think of as many ways as possible, tiny steps along with big ones, to reduce political patronage and to remove government from the majority of people's lives while maintaining a safety net for the poorest.

The constitution thus attempted to outlaw pork-barrel politics by making it as difficult as possible for laws to benefit or disadvantage specific sectors, activities or geographic zones. It requires the congress, whenever it passes a spending bill, to specify from where the money will come. It obliges the president, when faced with a bill that puts the budget out of balance, to choose between not spending the money and proportionately reducing expenditures for other accounts. Like similar legislation adopted by the U.S. Congress in 1986, these obviously are "parchment barriers." But they show the drafters' intentions, as does the establishment of an independent central bank.

One of the most important of the "organic laws" made public the membership of political parties and forced them to choose their officers and candidates openly and democratically. Most important, officers of parties are prohibited from simultaneously holding positions in labor or professional organizations. Although the parties have tried to get around this provision, the depoliticization of society has seemed such a good idea to so many that the parties have not

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returned to their old practice of colonizing society through economic and political patronage.

To maintain the integrity of the armed forces, Pinochet involved as few officers as possible in government. Instead, he hired civilians with interesting ideas. Thus a cohesive group of University of Chicago-trained economists became instrumental to the success of Chile's economic reforms. A year before the coup, they had compiled a 189-page typescript dubbed "the brick," which described how statism had throttled the Chilean economy and what reforms were needed to set the country on the path to growth. "The Chicago boys," as they were known, appealed to the military because, unlike old-line businessmen, their policy recommendations were obviously aimed at empowering average people rather than at enriching themselves. Their image as *desinteresados*, disinterested ones, matched the military's image of itself.

The military's acceptance of radical economic liberalization happened only gradually.

The military's acceptance of radical economic liberalization nevertheless happened only gradually, and the reforms were never implemented wholesale. The military quickly took a few basic steps: decontrolling prices, returning the most egregiously expropriated properties and slimming the most bloated bureaucracies. But it was not until 1975, when tumbling copper prices and foreign disinvestment threatened disaster for the regime, that Pinochet authorized a more radical approach. This plan aimed to balance the budget by shrinking the state, and to strengthen the economy by drastically reducing tariffs and exposing domestic producers to international competition. Importantly, it also aimed to privatize not only state-owned industries but also many traditional government functions.

The regime recognized that economic performance depends less on technical factors than it does on the rules and habits by which society lives. Hence the reforms with the most far-reaching impact on the economy were social. While honoring commitments to previous social-security contributors, for example, the military regime attempted to privatize much of the system by offering incentives for individuals to invest in privately owned retirement accounts. Two

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thirds of Chileans opted for the new system. Although the system has been operating for only a dozen years, its retirees already receive an average 40 percent more than retirees in the state system. The funds have built up a $13 billion pool of investment capital that otherwise would have been spent by politicians.

Similar reforms were undertaken to privatize health care and higher education. Although only about 16 percent of the population has joined the privately run health maintenance organizations, the percentage of the nation's health care bill financed by taxes has nonetheless dropped from 56 percent to 34 percent. Less bureaucracy has resulted in better health care at lower cost. In education, the military regime shifted subsidies away from universities to elementary and secondary schools. Since private schools could receive public subsidies, consumers were given the final judgment on school performance. University students were made to pay tuition either directly or through taxes after graduation. The results have been a diversification of higher education and students who are eager to get value out of a college experience they have to pay for.

While the total tax burden on the economy did not decrease significantly, the economy was nevertheless unburdened by shifting government spending away from bureaucracy, regulations and middle-class entitlements to simple poverty relief. New laws also radically decentralized the delivery of services such as sanitation and transportation. Still others covered commerce, mining and, above all, agriculture. The civil service, too, was decentralized, even as it was being shrunk. The idea was to transfer these matters out of the hands of central bureaucrats and into those of local voters. At the same time, the establishment of small-claims courts as well as hiring more judges and streamlining the legal process cut the costs and risks of economic activity. The message of each reform was the same: to encourage individual enterprise and risk-taking.

Chilean policymakers prided themselves on equal hostility to all privilege-seekers. Regulation, they believed, is inherently partisan. The best evidence of their claim is the impersonal nature of the harshest economic discipline they employed: free trade. Tariffs were slashed to an average of ten percent as the regime shifted to the value-added

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tax as its principal source of revenue. Entrepreneurs were thus forced to seek out Chile's comparative advantages. Since they could no longer compete, say, against Japanese electronics or American appliances, they were driven to invest in agriculture and fisheries. But the bitter medicine of competition eventually ensured that Chile's new businesses would be world-class.

The Chilean experience also showed how important it is for those who preach a way of life to practice it. The military's long-standing reputation for probity and frugality stood it in good stead. It helped that, as reforms took hold, citizens could see that the regime was not robbing them to enrich its friends. To its credit, the Chilean military did not try to become a new ruling class. No former member of the military government followed the U.S. practice of going into business as a lobbyist, or the Latin American practice of getting a government franchise for a particular business. Moreover, the military government never tried to build a political party or movement that would support it. Hence each of its seven cabinets was forced to build public support for itself according to its peculiar lights. When Pinochet built himself a luxurious presidential palace, adverse public opinion made it impossible for him or his successors to move in.

A HARD PATH TO FOLLOW

THE SIMILARITIES BETWEEN prosperous societies from Switzerland to Singapore are undeniable: order and as little interference as possible with the rewards of hard work. Other countries, notably in Asia, have leaped into export-led prosperity even faster than Chile. And countries the world over search for the key to rapid development and this kind of economic success. While Chile's experience under Pinochet provides no blueprint, the end result of Pinochet's rule offers valuable lessons.

First, cultural differences matter. The Japanese or Korean economies, for example, can be managed successfully as if they belonged to large clans because these societies seem to accept that the rulers will shift massive amounts of privilege between social sectors. In societies based on Christian individualism, however, light-handed and impar-

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tial administration is the key to success. If there is a Chilean model, it consists of the orderly reduction of statist privileges—a goal and a process that do not take a military regime to bring about.

Second, timing and a number of special circumstances contributed greatly to Pinochet's success. For most of its tenure, the military regime was lucky enough to receive no foreign aid, and especially no American aid. This helped convince interest groups that it was no use asking for money from the government. Chilean policymakers also were spared the pressure for negotiated compromises among opposing parties and interest groups that usually accompanies being on America's dole. Had Chile made such compromises, it would be poorer for it today. The Chilean experience clearly teaches that deprivation of foreign aid can have a bracing effect.

Moreover, the accident of time helped. When the Chilean military moved against socialism in 1973, the Soviet Union and communists from Vietnam to Europe had the wind in their sails, the patron saint of Latin American collectivism, Juan Perón, was making a comeback in Argentina and even the United States had price controls. But as the military government drew to a close, the Soviet Union was dying, Chilean socialists had been chastened by actually living in socialist countries, Argentineans were already talking about copying Chile, and the world was talking about the successes du jour of Margaret Thatcher and Ronald Reagan. By 1990, then, both supporters and opponents of Pinochet had a host of reasons beyond Chile's own domestic circumstances for supporting political moderation and economic freedom.

Chile's reformers knew where they wanted to go but not exactly how to get there.

Third, while the strength of Chile's reforms lay in their intellectual coherence, their weakness lay in implementation. For the most part, Chile's reformers knew where they wanted to go but not exactly how to get there. The military rulers' learning process and backsliding wasted time and political capital. Thus the reforms did not occur according to any logical schedule, but rather came primarily in short bursts in 1975, 1978–81 and 1987–88. Time and again, the regime made hard decisions only when pushed. It promulgated its labor law in 1979,

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for example, only when faced with the prospect of nationwide strikes. In other instances, the regime never carried out reforms it thought necessary and proper, like privatizing the state copper company, because circumstances never forced its hand.

Moreover, the reformers learned the hard way no shortcuts can raise a nation out of poverty. Beginning in 1979 the economic team set the exchange rate at 39 pesos to the dollar, and kept it there for three years despite a glaring disproportion between inflation in Chile and the United States. When the global recession of the 1980s brought on the debt crisis, Chile was devastated by failures of banks, mutual funds and businesses. Some middle-class retirees lost their life savings. One fourth of the labor force was unemployed, and GDP dropped by 14 percent. "What Allende could not manage, the Chicago boys did" was a quip common at the time. The government was forced to assume mountains of debt and temporarily resumed old-style industrial policies. The regime and all its works were well-nigh discredited. Thereafter, Chilean economics was forced to return to basics. Real wages did not again reach their 1982 levels until June 1988.

Finally, the regime's undemocratic nature and the length of time it held power were detrimental to the success of the reforms. Chile's hard-liners had convinced Pinochet of the need to lengthen and retain draconian control of the transitional period. But the conflict between a constitution aimed at diminishing state power and rulers who, as a practical matter, sought to hang on to unelected power that they often exercised brutally, ultimately made it harder for the regime and more difficult for the new constitution to take root.

The popular rejection of reformist politicians in Poland and elsewhere in the former communist world has led some to conclude that only regimes like Chile's, which do not have to answer to the people, can do the job. But these critics are mistaken. The military's strength came from its success in identifying itself as the defender of ordinary individuals. Many post-communist politicians have raised taxes and frozen wages to reduce government deficits, all the while maintaining huge public sectors. Pinochet, on the other hand, never tried to balance the budget on the backs of taxpayers or consumers. Instead he fired bureaucrats, cut subsidies and tariffs and let the mar-

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ket pile the pains of transition on the remnants of the old regime.

So long as it continued a process of liberalization, the Pinochet regime did not need dictatorial powers. A duly elected government in control of both the legislative and executive branches for five years could have instituted all the constitutional, legal and economic reforms that Pinochet did. However, when the 1982-84 recession forced the Chilean people to bear the cruel consequences of the economic team's mistakes, the Pinochet dictatorship was able to put off the day of reckoning with the people only until 1988—the date specified by the constitution. The point is this: dictatorial power is useful only as a highly imperfect shield against incompetent performance.

The difference between Chile's success and the lack of it in former communist lands lies not in any superiority of dictatorship over democracy but rather in the content of policy. Chile's reforms had nothing in common with the statist, austerity, aid and managed-trade packages that Poles, Russians and others have negotiated with the International Monetary Fund, the EC and the Group of Seven leading industrialized nations. The Chilean reforms succeeded politically and economically for one reason: they shrank the state.

WITHERING AWAY THE STATE

VICTORY COMES ONLY when the adversary concedes, something which the military regime's opponents never did explicitly. In the 1988 referendum, which was specified in the transitional articles of the constitution, the regime's adversaries found echoes for their accusations against Pinochet, but far fewer against the system he had established. In their hearts and from the historical depths of their organizations, the regime's opponents still do not like Pinochet's reforms. But they lack a compelling alternative vision, never mind public support to roll the reforms back.

In 1988, the voters ended Pinochet's presidency by a vote of 54 to 43 percent. Had the vote come closer to the recession, the margin would have been wider. Had it come in 1991 or 1992, Pinochet might well have won, just as he won a referendum on constitutional reform during the boom year 1981. The winners of the 1989 presidential and

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congressional elections were the Christian Democrats, socialists and the center-left parties loosely allied in a *concertacion*. They are likely to repeat their victory in 1993.

The 1992 municipal elections gave the parties of the left (including communists) 30 percent of the vote, the centrist Christian Democrats 29 percent, and the parties of the right (including one that calls itself centrist) 38 percent. As in 1970, the Christian Democrats have an uneasy alliance with the left. On the surface, then, it can be argued that the Chilean political scene is little different from what it was in the 1960s and before.

But in a new country the old parties cannot be the same. The Christian Democrats can no longer be comfortable describing themselves as a party of the center that is moving to the left, one that espouses big government either for the same pragmatic reasons as its European counterparts or in pursuit of liberation theology: European Christian democracy is dying; liberation theology is yesterday's fad. The socialists, a party whose label has itself become a heavy burden, feel the need to redefine themselves even more.

Thus Chile's left-leaning alliance, which in the 1960s was based on shared ideology and in the 1980s was patched together against Pinochet, is in the 1990s unlikely to endure. The population's chief concerns—crime and public morality, economic growth—as well as its growing appetite for primaries and conventions to choose political candidates do not augur victories by party coalition. Rather, they indicate a style of politics more reminiscent of that in the United States. In personal affairs as well as in politics, true reform usually comes only after hitting bottom, rejecting one's old ways, and recalling the nasty experience whenever tempted to waver. The Chile model is best understood as a reaction against something that most Chileans felt had gone too far in 1970–73. Allende showed Chileans what statism could mean far more believably than any number of brilliant op-ed pieces by the Chicago boys, never mind speeches by Pinochet himself. If the Chile model holds, then, nations only learn the hard way—that is, by their own trials and experiences. Nonetheless, Chile's revolutionary example—the withering away of the state—stands for those inspired to follow.

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Reviews

AP/WIDE WORLD PHOTOS

"How can anyone contemplating the life and work of Joan of Arc classify nationalism as a nineteenth-century phenomenon?"

The Wrath of Ages *Conor Cruise O'Brien* 142

Risking the American Dream *Felix G. Rohatyn* 150
Recent Books on International Relations 155
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Review Essay

The Wrath of Ages

Nationalism's Primordial Roots

Conor Cruise O'Brien

The Wrath of Nations: Civilization and the Fury of Nationalism. BY WILLIAM PFAFF. New York: Simon & Schuster, 1993, 244 pp. $22.00.

Liberal Nationalism. BY YAEL TAMIR. Princeton (NJ): Princeton University Press, 1993, 194 pp. $24.95.

These two books are significant additions to the rather meager corpus of books on nationalism. Like other books in this category, they raise more questions than they answer. Both, but especially *The Wrath of Nations*, abound in the sort of propositions that university examiners like to put between quotation marks and follow with the minatory instruction, "Discuss." Many are well worth discussing, and I propose to discuss them here, beginning with some of Pfaff's.

William Pfaff is a well-known and respected commentator on international affairs. *The Wrath of Nations* is far-ranging in space and time, abounding in miscellaneous information, briskly written, always stimulating, sometimes shrewd and penetrating, sometimes brashly didactic, and sometimes sweeping in its generalizations. This combination will attract many readers to the book.

Near the opening of his book, Pfaff sweeps aside the idea that nationalism is "a primordial historical phenomenon" and goes on to put forward his own view: "Nationalism is a phenomenon of the European nineteenth century. It is a political consequence of the literary-intellectual movement called Romanticism, a Central European reaction to the universalizing, and therefore disorient-

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ing, ideas of the eighteenth century French Enlightenment."

ANCIENTS AND MODERNS

This is very mixed up. Even in its narrowest sense—as an intellectual position—nationalism antedates the nineteenth century. It is a product of the late French Enlightenment, although it came to include "a Central European reaction . . . to the French Enlightenment." At the very outset of the French Revolution the Abbé Sieyès, an archetypal figure of the late French Enlightenment, gives us in his seminal 1789 manifesto, *What is the Third Estate?* the basic doctrine of nationalist absolutism: "The nation exists before all, it is the origin of everything. Its will is always legal, it is the law itself." The worst excesses of nationalism, from the Revolutionary Terror to the Third Reich, are encapsulated in those two coldly dogmatic sentences in which the protagonist of the French Revolution establishes the fateful and explosive conjunction between the emotional force of nationalism and the totalitarian potential of Rousseau's General Will.

Pfaff's belief in the nineteenth-century origins of nationalism is so strange as to verge on the willfully obtuse. What reader of John O'Gaunt's speech in Shakespeare's *Richard II,* which was written in the last decade of the sixteenth century, can fail to hear the distinctive, authentic note of exalted nationalist passion? But in the second decade of the same century in another country, nationalist passion had already made itself heard, unmistakably, one might have thought, in the 26th (and last) chapter of Machiavelli's *The Prince*, entitled "An Exhortation to Liberate Italy from the Barbarians." In the previous century—in a third country—we have the towering figure of Joan of Arc. How can anyone contemplating the life and work of Joan classify nationalism as a nineteenth-century phenomenon? Jules Michelet and George Bernard Shaw would not have agreed on much, but at least they knew a nationalist when they saw one and had no doubt about placing Joan in that category.

Shaw saw Joan as a nationalist prototype, but in this perception he was mistaken. The fusion of religion and nationalism attained an unusual—perhaps unique—intensity in Joan but is a very ancient phenomenon. It can be found in abundance in the Hebrew Bible, known to Christians as the Old Testament; the idea of a "chosen people" in a promised land has been immensely infectious and influential in the history of Christendom. Early Christians, beginning with Jesus himself, tried to get the land out of the picture, but later Christians brought the chosen-people idea down to earth again with a vengeance. By the seventh century A.D. the process of what might be called the nationalization of Christianity was already well advanced. A Frankish document of that period asserts, as if referring to a well-known fact or gospel truth, that "Christ loved the Franks." From the Middle Ages through the Renaissance and Reformation, chosen peoples popped up all over the place, and the land which each inhabited was always uniquely holy: "Writers of the following nations explicitly refer to their people as chosen and to their land as promised: England, France, Germany,

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Spain, Poland, Russia, Sweden, Switzerland, Ireland and especially and insistently the United States, for both blacks and whites took up this theme."[1] It happens that both Pfaff and Tamir add other nations to this list of the chosen. Tamir quotes the above passage and comments: "Other nations such as Israel, Iran and Egypt could be added to the list."

More surprisingly, Pfaff obliges me by providing a strikingly important and early example—earlier indeed than any Christian instance of mine—of a fusion of religion and nationalism: "The sixth-century origins of Islam lie in a reaction in Arabia against foreign interference, that of Abyssinia, Persia, and Byzantium, during the period prior to Mohammed's birth in 570. It was a patriotic as well as a religious movement, advocating, as an Edwardian scholar says, 'Arabia for the Arabians.' "

What could be more characteristically nationalist than the idea of "Arabia for the Arabians"? But then what becomes of the idea of nationalism as a nineteenth-century invention? Fortunately Pfaff has the sense not to let himself be bound by the narrow (and unhistorical) definition he unwisely adopted at the beginning of the book. Toward the end, he implicitly throws that definition to the winds, returning to the "primordial" dimension which he had earlier explicitly rejected:

> I have used the word nationalism in this book in its widest sense, and also in several senses. I have done so because what is called nationalism is an expression of the primordial attachments of an individual to a group, possessing both positive and destructive powers, and this is a phenomenon which existed long before the group to which such passionate loyalty was attached became the modern nation-state. . . . The nationalist has his heart in his work. . . . He acts from the roots of being, of human society, from a given earth and clan—primordial attachments.

SECULARIZING NATIONALISM

Nationalism certainly did not begin in the nineteenth century, or even the eighteenth. But something very important did happen to nationalism in the late eighteenth century, in what was then the most important country in the world: France. That something was the separation of nationalism from religion. This was such a striking novelty that it gave some observers—then and now—the illusion that nationalism was a new creation, whereas it was something very old in reality, branching out in a new way.

For centuries, French nationalists had been happy with their Most Christian Kings, and their status as Eldest Daughter of the Church. Since the fifteenth century, France's patron saint, Joan of Arc, resembled a goddess in the minds of French nationalists. But by the late 18th century French intellectuals in general and French nationalists in particular turned away from the Church. The role of the Enlightenment in all this has long been recognized. As far as all the upper levels of society were concerned, Voltaire had made religion look ridiculous, and

[1]Conor Cruise O'Brien, "Nationalism and the French Revolution," *in The Permanent Revolution*, ed. Geoffrey Best (London: Fontana Press, 1988).

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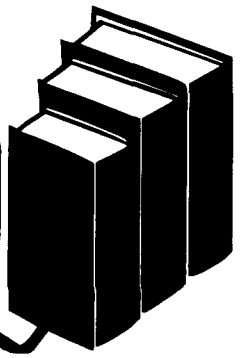

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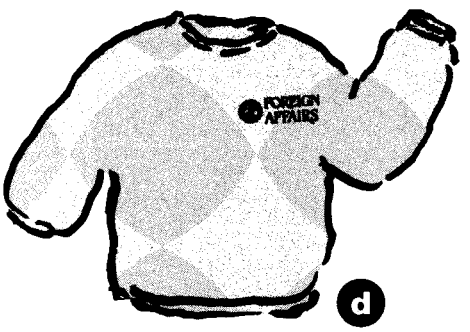

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the French dread of ever being associated with *le ridicule* is proverbial. But the reasons for the alienation of French *nationalists* from the Church have received less consideration. French nationalists, by the 1760s, hated the Church because they associated it with defeat in war. In the Seven Years War (1756-1763) France, allied with Catholic Austria, had been decisively defeated by Protestant Prussia, allied with Protestant England. The Catholic monarchy and its Catholic ally had allowed the French nation to be humiliated. The detested alliance and the associated humiliation were incarnated in the person of the foreign Queen: the hated Austrian, Marie Antoinette. Well before the French Revolution, French nationalists promoted the expulsion of the Jesuits from France as an act of liberation from Catholic internationalism. French nationalism had advanced from "chosen people" to "deified nation" and held out that example to others. The French Revolution begins with a declaration of cosmic nationalist absolutism: see the Sieyès passage quoted earlier.

The supreme example of the "deified nation" in history is Nazi Germany. William Pfaff would not agree with me on this. For him, as for several other writers, Nazism was not a nationalist movement; it only sounded like one. He writes: "While Nazism exploited national sentiment and the resentments of the 'national movement' in Weimar Germany, making dramatic use of a theater and rhetoric of nationalism, it was fundamentally an internationalist ideology based on racialist theory."

This is a good example of distortion through the exaltation of theory over practice, and through conceptual compartmentalization of emotional forces which were in practice inseparable. You cannot legitimately find that Nazism is something "fundamentally" distinct from the sentiments and resentments of the main body of Nazis and of their supporters. Nazism was a product of the deeply humiliated nationalism of a major military power. Hitler did not just "exploit" that feeling; he passionately shared it and was its voice. Nor can racism and nationalism be separated in the Nazi culture. That culture was basically Völkisch, and the adjective means both nationalist and racist; the two were felt to be the same thing. If you were not racist and anti-Semitic, you did not count as a German nationalist.

German nationalist-racists did, as Pfaff points out, accept the existence of other Aryan peoples, and had places for them in their vision of a postwar world. But these were subordinate places. There were Aryans and there were top Aryans. Germans who thought in Aryan terms never had any doubt about who the top Aryans were. The Nazis in their halcyon days had a song that everyone knows about:

Today, Germany belongs to us.
Tomorrow, the whole world.

I do not think that when the Nazis sang that song they meant by "us" a pan-Aryan assemblage in which Germans shared power with Scandinavians and other peoples of approved genetic lineages. I think that, when the German Nazis said "us," they meant themselves. That is what people usually do mean when they say "us."

Triumphalist nationalism usually

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moves in a penumbra of pseudo-internationalism. In the nineteenth century, the expansion of British and French national power was known as imperialism (then a term with mainly approving connotations). The French Revolutionaries called their own expansion and exploitation of other countries "fraternity." Nazi "pan-Aryanism" was of a similar order: nationalism was at the heart of all.

NATIONALISM AS IDEOLOGY

Pfaff not only dismisses (initially) the idea of nationalism as "a primordial historical phenomenon," he also denies it the status of an ideology. This denial will confuse his readers, as what he is talking about in the passage I first quoted is clearly an ideological phenomenon. Yet Pfaff says immediately after that passage: "Nationalism is not an ideology because it has no universality. It is impossible to be a nationalist as such, only a German or Croatian or American nationalist."

In reality, though nationalists of competing countries fight each other, there is a nationalist ideology which has universal appeal. Ideological nationalism was a product, not of the nineteenth century, but of the late eighteenth. It took at first the form of cultural nationalism, and it had a far-reaching appeal indeed. Its founder was Johann Gottfried Herder (1744-1833). Herder's writings may in fact be seen, as Pfaff puts it, as "a Central European reaction to the universalizing, and therefore disorienting, ideas of the eighteenth century French Enlightenment." Those writings can also be seen as an expression of German nationalist resentment of French cultural hegemony then prevalent among the ruling classes throughout Europe. Concerning the French language, Herder advised his contemporaries: "Spit out that green slime of the Seine!" Apart from his opinions regarding French primacy in the linguistic and cultural fields, Herder was not himself a xenophobe. His ideas caught on in other lands, especially among subject peoples, in Eastern Europe and in Italy. The growth of cultural nationalism in those countries provided a basis for political nationalism in these and other places and did much to undermine the Austro-Hungarian Empire. Although Herder himself was not, explicitly at least, a political nationalist and was antimilitarist, more militant generations of German nationalists, beginning with Fichte, looked back on him with veneration.

Since Herder's time, due to his direct and indirect inspiration, there has been something like an international of nationalists, strongest among suppressed nationalisms, but not confined to them. Irish nationalists for example were inspired in turn by the nationalists of France, of Italy, of Greece, of Poland, of the Boers, and of the Central Powers of the First World War—"the gallant allies in Europe" of the 1916 Proclamation of the Irish Republic.

In general, nationalists of various descriptions had sometimes to ally against a common enemy, as in the Anti-Comintern Pact of the 1930s. But there is also a kind of camaraderie, or freemasonry, even among rival nationalists. In the late nineteenth and early twentieth centuries, for example, German, French, English and American nationalists could agree—in periods of détente and in suitable social contexts—on a number of

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propositions: exaltation of the martial virtues, social Darwinism, contempt for rootless cosmopolitanism, and a common, often obsessive anti-Semitism. In general (and again, pace Pfaff) racism was a bond in this period between nationalists of rival nations. Simone Weil said that racism at its heyday was "a romantic variety of nationalism." "A scientistic extension of romantic nationalism" might perhaps be a more precise description, but Weil was basically right in stressing the connection—which Pfaff seeks to deny—between nationalism and racism. I shall come back to that. But the main point in the present context is that while nationalists were at variance as to which nation deserved to be top Aryan and accepted, even with relish, that this had to be fought out, they were of one mind on the superiority of Aryans in general in the great chain of being. All that was really in dispute, ideologically speaking, was the *place à table*—which of the Aryan peoples would have precedence over the others within a world whose nature was to be dominated by Aryans in general, an order to be sorted out among themselves through war.

That was the way it was in terms of nationalist-racist ideology for at least three quarters of a century, from 1870 to 1945. The vocabulary of that period is utterly outmoded; the term "Aryan"—the acme of political correctitude during that time—has become unspeakable and therefore incomprehensible. But any value system has a longer life span than its vocabulary; so it is with nationalism.

Pfaff is, I believe, mistaken about nationalism-as-ideology. But he is more profoundly mistaken in initially assigning such a late origin to the *phenomenon* of nationalism and in dismissing it as "a primordial historical phenomenon." Nationalism-as-ideology is indeed no older than Herder. But nationalism-as-ideology, though more influential and important than Pfaff supposes, is far less important than nationalism as a complex of emotions, and this complex is ancient, as indeed Pfaff himself elsewhere partly acknowledges.

LIBERAL NATIONALISM

The Wrath of Nations and *Liberal Nationalism* are not in as sharp contrast with one another as their titles might seem to imply. Both agree that nationalism, at moderate levels of intensity, is a needful form of social bonding, and that nationalism in itself should not be treated—as do Karl Popper and others—as an enemy of humanity. The enemy is manic xenophobic nationalism, most manifest today in pre-Enlightenment forms, combining nationalism and religious bigotry, as in the former Yugoslavia and now potentially in Russia.

Tamir, unlike Pfaff, writes out of a specific predicament. She is a senior lecturer in philosophy at Tel Aviv University and a founding member of the Israeli organization, Peace Now. That is to say that she is a citizen of a state that is a product of Jewish nationalism, which was in turn a reaction to, and refuge from, European racist nationalism. Within the state that is a product of Jewish nationalism, she is bent on curbing tendencies toward excess within Jewish nationalism. She is concerned to show that nationalism need not be aggressive or xenophobic. She does demonstrate this, but she

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also knows that nationalism has often assumed those negative forms, is doing so now in various parts of the world, and has done so frequently in Jewish-Arab relations on both sides. The conclusion of her book is guardedly optimistic:

> It seems rather clear that nationalism will simply not go away, and the question that remains open is whether its guise will be some form of virulent ethnocentrism or a sober vision, guided by respect for liberal values.

I am sure that Yael Tamir and her friends will have regarded the Arafat-Rabin agreement as a victory for "sober vision," etc., and up to a point it is, although I do not find it easy to believe that Yasser Arafat is "guided by respect for liberal values." Tamir believes that Jewish and Palestinian nationalisms can live peacefully on land they both claim. Perhaps eventually. But too much should not be made of the recent agreement on that score. That was not an agreement between moderate Jewish and moderate Palestinian nationalism. It was an agreement between a moderate Jewish-nationalist government and an opportunistic section of the Palestinian nationalist leadership. How many Palestinian nationals will follow the opportunist lead, and for how long, remains to be seen.

In the early part of this essay I stressed the antiquity, the "primordial" character, of nationalism. I was making the point that something so deeply rooted in human nature "will not simply go away." Unlike Tamir, however, I think it will remain with us in its undesirable manifestations as well as in the more "sober" forms.

CAN WE TAME THE BEAST?

The question that will most preoccupy readers of *Foreign Affairs* is: how should the more "sober" deal with the more "excited" forms of nationalism? There is no general positive prescription here: choices depend on circumstances, and choosers will always be divided in their interpretation of the circumstances. Yet there is one negative proposition that can be offered with some confidence. There is no "new world order" within the capacity of the West that will have the effect of eliminating nationalist violence and related ethnic evils from every part of the world. T.V. audiences feel that there should be such an order, applicable to those parts of the world they see on the box. As Douglas Hurd has recently indicated, the results of the spasmodic efforts of Western politicians to appear to be responding to the expectations of T.V. audiences have not been particularly impressive.

William Pfaff would not agree. He favors the "go anywhere, do anything" approach of President Kennedy's inaugural—the approach that gave us the Vietnam War. But he is much more gung-ho than Kennedy. He even has a plan for cleaning up Africa through the U.N.:

> The immediate future of Africa, including that of a majority-ruled South Africa, is bleak, and it would be better if the international community would reimpose a form of paternalist neocolonialism in most of Africa, unpalatable as that may seem. The mechanism of the international mandate, employed by the League of Nations after the first World War, might be revived. However, the mandated power today would have to be the U.N. itself, rather than one or several outside powers, as in the past, since the latter almost cer-

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> tainly would prove as unacceptable to governments asked to accept the mandate as to the people made the subject of it.

Pfaff does not advert to the fact, but an experiment on similar lines to what he advocates for Africa generally is currently being conducted in the Horn of Africa, with results not conducive to emulation on a continental scale. In Somalia, U.S. troops under the U.N. flag have been fighting a war with one Somalian clan and (at the time of writing) have yet to win that war. How would they fare if they were to take on all the nationalisms and subnationalisms of Africa?

So confident an internationalist as Pfaff is naturally scornful of the West for its failure to stop war in the former Yugoslavia. But military intervention to bring about a political solution there would not work for reasons that are rooted in human nature. They have to do with the relative weights, in human nature and consequently in international affairs, of altruism and nationalism. The strength of nationalism is that it is something for which people are prepared to kill and die in large numbers, as Serbs, Croats and Bosnian Muslims are now doing—and as, at an even more primordial level, warlike Somalian clansmen are doing. On the other hand, very few people are prepared to die for an altruistic project where no national interests are clearly involved.

Military intervention in the former Yugoslavia would be such a project. It would pit fiercely motivated local nationalists against external forces which were much less strongly motivated. The nationalists would accept heavy casualties, as they are now doing. Neither the forces intervening, nor their families, nor the countries providing these forces, would accept such casualties. The outcome is absolutely predictable: after however short or long a stay, the altruistic interveners would be withdrawn, leaving the nationalists in possession. Nothing would have been achieved by the intervention, except the prolongation and exacerbation of the civil war, and the loss of Western lives in a wholly futile exercise.

Comparisons with the Second World War and Desert Storm are inept. In both these conflicts Western national interests were threatened and national feelings of Western peoples were aroused. In the first case, the galloping expansion of a great military power threatened every other nation. In the second, Iraq's annexation of Kuwait challenged the existing international order and posed a direct threat to Western interests, through the attempt by a dictator to effect a monopoly of Arab oil, on which so much of the Western economy depends. So in both cases, ordinary soldiers could understand what they were fighting for.

The United Nations can be useful if it is resorted to with discrimination. At present, it is being overworked, overextended and underfunded. Neither through the U.N. nor in any other way can the West solve all the world's problems or create harmony among competing nationalisms. The United States, in particular, would be better employed in solving the problems of its own cities, instead of trying or pretending to grapple with the problems of the whole world in the flickering light of the transient emotions of television audiences.

As I prepare this essay for publication in early October, there are signs of growing recognition of this order of priorities.

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Review Essay

Risking the American Dream

Pointing Fingers Is Easier than Plotting Courses

Felix G. Rohatyn

The Endangered American Dream: How to Stop the United States from Becoming a Third World Country and How to Win the Geo-Economic Struggle for Economic Supremacy. BY EDWARD N. LUTTWAK. New York: Simon & Schuster, 1993, 320 pp. $23.00.

The United States is becoming a Third World Country, and only aggressive industrial policy, reformed education and new uses of taxation can save it. In capsule, that provocative view is put forth by Edward Luttwak in *The Endangered American Dream*. Best known as an international security expert, Luttwak exhibits his usual high-octane candor in examining domestic issues. When it comes to remedies, however, he is often short on specificity and appropriateness.

Luttwak's list of American shortcomings is all-inclusive and accurate—trade and budget deficits, inadequate schools, huge income disparities and stagnating incomes. He attributes the relentless U.S. slide toward Third World status to the continued decline in per capita GNP, the deliberate undervaluation of the dollar since the 1985 Plaza Agreement and the misallocation of capital. He blames, in particular, the absence of "patient capital"—interests that don't seek short-term profits—and foreign takeovers of U.S. companies in the 1980s.

Luttwak points to what he describes as "self-inflicted wounds," such as huge budget deficits, financial deregulation, a collapsing public education system, too many lawyers and failing social programs. In harsh, populist terms he attributes the increase in crime and the decline in public education to the increasing concentra-

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tion of wealth in fewer hands.

It is unfortunate that Luttwak paints these social and economic issues with such a broad brush. It is hard to find the causes of the ills he describes and to reconcile them with his suggested remedies. For instance, he claims that most of our economic ills are self-inflicted, yet he clearly attributes many of them to unfair foreign competition. He advocates higher pay and higher benefits, following the example of German economic success, yet recognizes that German factories are being transplanted to the United States because of these policies. He blames short-term speculation for many takeovers and LBOs without recognizing that some of the most egregious cases (such as RJR Nabisco) hinged on huge loan commitments from the very source of "patient capital," namely Japanese banks.

REMEDIES–REALISTIC AND OTHERWISE

Luttwak focuses his remedies on public education, taxation and industrial policy. He decries the bloated and corrupt bureaucracies of thousands of independent school boards, correctly identifies violence as one of the most corrosive influences on both teachers and students, and criticizes racial politics and multicultural education as profoundly destructive of educational standards.

He recommends shifting control from school districts to individual school boards in order to increase parental influence. To promote excellence, he proposes federal pay incentives for teachers who pass qualification exams set to demanding national standards. He favors much more emphasis on vocational training, possibly making it the "predominant form of secondary education for older teenagers." These are constructive proposals. Federal pay incentives for outstanding teachers and more emphasis on vocational training would be beneficial.

But the desperate condition of our public school system calls for greater boldness. Should federally financed infrastructure investments include computer hardware, software and teacher training in exchange for local reforms? Why not seize the opportunities of interactive technologies? (Computer-assisted instruction and educational television start in the lowest grades of European and Japanese education.)

If revolutionary change, as Luttwak correctly argues, is needed in the schools, the issue of school choice must be discussed. I support public-school choice, having witnessed the New York city public school system disintegrate over 20 years, despite large expenditures that currently total $7 billion annually, or $7,000 per student. Without some competition to reward excellence and penalize failure, turning over control to local school boards will not make things better.

It is also necessary to have schools address two of our greatest social tragedies: teenage births and AIDS. Sex education and the distribution of condoms are a minimum, but the departure of Chancellor Joseph Fernandez of the New York City School Board attests to the perils of such initiatives. The problems of the public schools cannot be separated from the problems of the big cities: drugs, guns, crime, broken families and crumbling housing. We cannot fix the schools without fixing the cities.

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TAXES, INDUSTRIAL POLICY AND JOBS

Luttwak attributes the deterioration of America's public infrastructure, as well as the private sector's failure to offer sufficient amounts of well-paid employment, to a scarcity of domestic savings and capital. He recommends a phased replacement of the corporate income tax and the Social Security payroll tax with a federal sales tax or a European-style value added tax (VAT), collected at each level of production. As part of such reform, all tax deductions and credits would be eliminated.

Luttwak's laudable tax and investment policies are implausible in today's political environment. The system will move in the direction he advocates only in smaller, discrete steps. For instance, in lieu of a broad-based VAT (which incidentally would require readjusting all local sales taxes nationwide), a phased-in increase of gasoline taxes, tied to infrastructure investment, should be pursued. Instead of eliminating the corporate income tax, a good initial step would be the elimination of the double taxation on dividends, which would reduce the tax law's bias toward debt as opposed to equity securities. The negative economic impact of state and local taxes should also be addressed. Some assumption of local burdens by the federal government, conditioned on reductions in local sales and property taxes, is worthy of examination.

Contemplating what he calls a "geo-economic arms race," Luttwak favors an aggressive, government-directed industrial policy. But he provides no details on how it would work and how it would relate to the rest of the world. Industrial policy is a misnomer. Better to think in terms of coordinated government and private sector actions in the national interest. Combining gas taxes with infrastructure investment is a form of industrial policy if it reduces our consumption of imported oil and assists in defense conversion. U.S. government assistance to the former Soviet Union to rebuild nuclear power plants is also industrial policy if it is conditioned on U.S. companies getting a fair share of the contracts.

In certain high-technology areas, the national interest requires government-backed action. Luttwak is right in pointing out that an example of successful industrial policy is the subsidized development of the Airbus commercial airliner in Europe. The Super Concorde should be our answer to Airbus. Industrial policy cannot consist purely of domestic actions to protect failing industries; it must be part of a global strategy of helping key U.S. industries become more competitive.

THE WORLD AS IT IS

The revolutionary forces rocking the world are driven by real-time access to information anywhere, anytime, by worldwide technology transfers made possible by new communications systems, and by global capital markets driving more than $1 trillion daily through the New York Clearinghouse System. Those technology transfers enable McDonnell Douglas Corporation to manufacture DC-9s in China, and Bangalore, India to become the software capital of the world.

Global capital markets enable foreign exchange speculators to cause the collapse of the pound sterling despite concerted countereforts by central banks. However, they also testify against the thesis that the United States has a capital shortage. In

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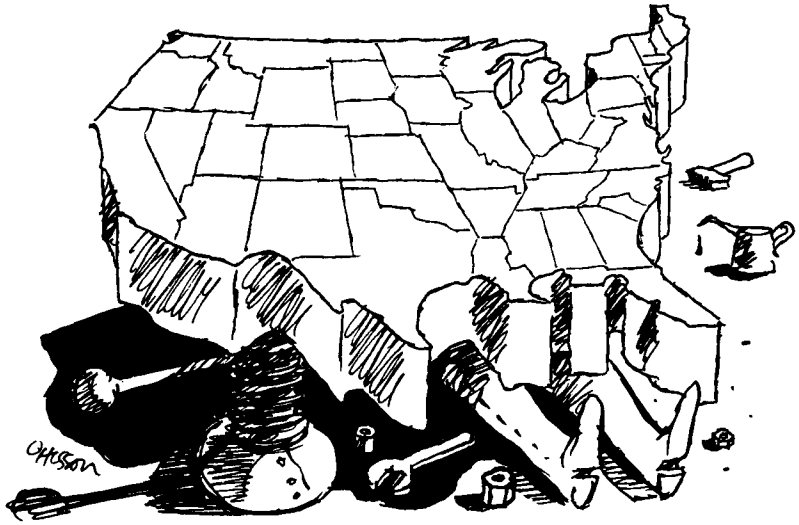

addition to access to huge domestic savings pools ($3 trillion in U.S. pension funds alone), the United States has access to worldwide savings pools. That access requires a return to sound fiscal policies (which Clinton has begun), free trade and investment, and the maintenance of a strong dollar. It does not require a balanced budget, but suggests lowering the deficit to, say, between 2 and 2.5 percent of GNP. It also suggests that the amount and structure of the total public and private debt is more important than the amount of the federal government debt. In that connection, the current policy of the U.S. Treasury to shorten the average maturities of the national debt for limited short-term budget savings is short-sighted and risky. When long-term interest rates are at their lowest level in 20 years and we are faced with steep borrowing requirements well into the future, the Treasury should be selling 50-year bonds (or 100-year bonds like those of the Walt Disney Company) instead of three- and five-year notes that are likely to create a roll-over problem in five to seven years.

The need for a strong dollar, coupled with an aggressive domestic and foreign investment policy, goes counter to attempts by several administrations to depreciate the dollar versus the yen to reduce the U.S. trade deficit. This has never worked before and is unlikely to do so now. A strong dollar, in the long run, is more important; it encourages American companies to invest overseas. Eventually, that will do more for trade than the temporary help of a weak dollar.

Japan is indeed a special case. The semiconductor quota agreement argues for additional sectoral targets for a few major trade categories (i.e., automotive parts) coupled with greater efforts to open up opportunities for direct investment in Japan. It is in our best interest to encourage open markets and freedom of investment and to push Japan hard in that direction. We should surround Japan with free trade zones, which she shall ultimately be compelled to join.

It is likely, however, that the dislocation created by these trends will continue

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to put pressure on American private sector employment. Lower-cost foreign competition, coupled with increasing local skills and availability of advanced technology, will continue to drive the restructuring and downsizing of American businesses. It might, however, be useful to be somewhat more radical in examining some possible areas to create employment. These might include some forms of earlier retirement or shorter work weeks as well as tax incentives for early retirees to create small businesses. These are hard to reconcile with the need for productivity improvements, but it is equally necessary to protect the standard of living and the personal security concerns of average Americans.

Education and training alone will not create employment. The trends created by technology and foreign competition must be considered; they all go in the other direction. The need for new jobs can be met in part with a major long-term infrastructure program. This should be financed by borrowings secured by a version of Luttwak's consumption taxes, most easily, gasoline taxes. A $250 billion ten-year program should generate one million new jobs annually, rebuild badly needed public facilities and assist conversion of defense industries. Increases in gasoline taxes could be made politically palatable if tied to construction and jobs. Rapid rail transit, new airports and other large-scale engineering projects are needed to maintain the skilled technical base of the defense sector and improve our infrastructure. A modest annual increase in gasoline taxes would be adequate to finance such a program over 30 to 40 years. Its financing should take place off-budget and would be self-liquidating. Moreover, it would sustain job growth better than building unnecessary weapons such as the Seawolf submarine.

Luttwak has raised some perfectly valid approaches—industrial policy, public education and taxation—to deal with some of our most serious problems. But even couched as part of a "geo-economic arms race," his recommendations appear disconnected to surrounding realities. In education, for example, the crisis of the schools cannot be separated from the crisis of the cities. As for the economy, we cannot separate the United States from the rest of the world. There is no shortage of capital for the U.S. economy, despite Luttwak's arguments; there may, however, be a global shortage of capital, which could affect the ability of countries like China, Russia and India to develop their economies. The development of those economies, along with Mexico and Latin America, will be necessary to drive economic growth in the United States and Europe. Without that growth, the Western democracies may find their ability to deal with social problems such as education, health care, old-age security, etc. will be seriously impaired.

At a time when we seem totally focused on the domestic economy, it might be more appropriate, for example, to consider a greater role for the State Department in developing strategy on global economic issues, instead of thinking of an American MITI. The domestic economy may have brought President Clinton to power; the international economy may be needed to keep him there.

Luttwak raises the right questions; his answers are more problematic.

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Recent Books on International Relations

With this issue, Francis Fukuyama, a resident consultant at the RAND Corporation, succeeds Andrew Pierre as reviewer of Political and Legal books. We thank Dr. Pierre for his many years of service to Foreign Affairs *readers.*

—The Editors

Political and Legal

FRANCIS FUKUYAMA

Fundamentalisms and Society: Reclaiming the Sciences, the Family, and Education. Vol. II. EDITED BY MARTIN E. MARTY AND R. SCOTT APPLEBY. Chicago: University of Chicago Press, 1993, 592 pp. $45.00.

Fundamentalisms and the State: Remaking Polities, Economies, and Militance. Vol. III. EDITED BY MARTIN E. MARTY AND R. SCOTT APPLEBY. Chicago: University of Chicago Press, 1993, 665 pp. $45.00.

The New Cold War? Religious Nationalism Confronts the Secular State. BY MARK JUERGENSMEYER. Berkeley: University of California Press, 1993, 292 pp. $25.00.

Along with revived nationalism, religious fundamentalism is now seen as one of the new sources of global disorder that will define the fault lines for future international conflict. Following on *Fundamentalisms Observed*, which traced the upsurge of fundamentalism to the social dislocations created by rapid modernization, these two volumes draw on the expertise of a wide range of eminent scholars and comprehensively treat the phenomenon of modern fundamentalism. *Fundamentalisms and Society* looks at the impact of various fundamentalist religious movements on science and technology, the family (particularly the position of women), education and the media across a broad range of cultures: Islamic, Christian, Jewish, Hindu and Buddhist.

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Fundamentalisms and the State looks at the political and economic manifestations of religion, and pays special attention to the affinity of certain fundamentalisms for militance and violence.

These books are likely to be consulted more for the richness of detail with which they treat topics, such as Hindu revivalism or Islamic doctrines on economics, than for their larger synthetic conclusions concerning fundamentalism as a global phenomenon. None of the contributors are themselves fundamentalists, and all make clear their own liberal and modernist starting points; however, they do not come to uniform or necessarily hostile judgments. As the historian William McNeil points out in his elegant essay summarizing the findings of *Fundamentalisms and Society*, Christianity (often in a fundamentalist form) played an important role in promoting the institutions we associate with liberal democratic-capitalist modernity, just as Confucianism and Buddhism are sometimes credited as the basis for contemporary Asian economic success. While the editors of the volumes try to draw out commonalities among these disparate movements, they do not treat them as a unified phenomenon and the analysis is appropriate to the complexity of the subject. Indeed, this very heterogeneity raises the question of whether it is even useful to consider the "fundamentalisms" under discussion as a single phenomenon with a consistent impact on world politics. Moreover, while religious commitment will never disappear, there is a question—not fully addressed in these volumes—as to how lasting the movement toward highly politicized fundamentalism will be, as its proponents try to reconcile theocracy with economic modernity.

The same is not as true of Mark Juergensmeyer's *The New Cold War?*, which covers much the same ground, though less ambitiously and comprehensively. He argues that many in the West have incorrectly assumed that secularization would necessarily follow modernization, and have therefore seriously underestimated the importance of religion in the post-Cold War world. However, his efforts to synthesize Muslim, Hindu, Christian and Buddhist fundamentalism into a single pattern of opposition to "secular nationalism" (which he confusingly identifies as the dominant political doctrine of the industrialized West) are not entirely convincing. Conservative Catholicism in Eastern Europe and Pentecostalism in Latin America, while opposed to secular society, have frequently been supportive of the modern secular democratic state, while Buddhism (outside of Sri Lanka) can be a force encouraging tolerance. In the end, the answer to the question in the book's title is not all that clear.

Encounters with the Contemporary Radical Right. EDITED BY PETER H. MERKL AND LEONARD WEINBERG. Boulder: Westview Press, 1993, 277 pp. $65.00 (paper, $19.95).

Parallel to the fundamentalism volumes noted above, this collection discusses the other nightmare of the post-Cold War world: the revival of violent right-wing groups throughout Europe and the former communist world. Groups across the world are analyzed by academic specialists who present well-informed and historically grounded accounts that avoid sensationalism and do not overemphasize

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the importance of their subjects. The editors are suitably agnostic concerning the broader questions raised by these disparate phenomena: Do these groups represent discontented individuals and groups, or are they the vanguard of a larger social movement that is capable of threatening Europe's democratic political order? There are some notable lapses in the book's coverage of extreme right-wing groups: the chapter on Russia deals only with Pamyat, which is arguably the most marginal of extremist Russian nationalist groups, while there is no chapter on Hungarian neo-fascism. The latter movement is an especially disturbing phenomenon because it is emerging in the Eastern European country that otherwise would be best poised to make a successful transition to stable democracy.

The Real World Order: Zones of Peace/Zones of Turmoil. BY MAX SINGER AND AARON WILDAVSKY. Chatham (U.K.): Chatham House Publishers, 1993, 205 pp. $25.00 (paper, $16.95).

This book serves as a refreshing counterpoint to the almost universal belief among foreign-policy specialists (implicit in the books on fundamentalism and nationalism above) that the end of the Cold War has led to a frighteningly anarchic and dangerous world. It grew out of the late Aaron Wildavsky's frustration with the media and academic pundits who argued that because bad things happened in Bosnia or Somalia, there was no world order, period. The authors take issue with traditional realists by arguing that democracies do not fight each other, and that consequently military balance-of-power considerations will be supplanted by economic struggles within the "zones of peace." The "zones of turmoil"—much of the non-industrial world—will make steady, if discontinuous, progress toward development. While one can dispute a number of their specific judgments and recommendations—for example, that air power confers a decisive military advantage on its possessors, or that the United Nations could be reformed through the formation of a "democratic caucus" within it—the book goes against the grain and raises stimulating questions about long-term change in international relations.

Grasping the Democratic Peace: Principles for a Post-Cold War World. BY BRUCE RUSSETT. Princeton: Princeton University Press, 1993, 173 pp. $19.95.

Veteran Yale international-relations theorist Bruce Russett and his collaborators provide a valuable counterpart to the Singer-Wildavsky volume above by methodically examining the proposition that democracies do not fight each other. Russett finds this to be an extraordinarily robust conclusion, examining and rejecting the counterexamples (e.g., the Boer War, the Spanish-American War, U.S. covert action against Guatemala and Chile) often raised to refute the thesis. Russett similarly discounts alternative explanations for democratic peace, such as the view that it is the product of international institutions, or simple geographical distance. He argues that peace

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is the product of shared norms and institutions that severely constrain the ability of one modern democracy to fight another. Russett concludes by worrying that the democratic peace may be violated by a number of the new democracies emerging after the Cold War, where democracy is tied to intolerant nationalism and ethnicity. While the methodological apparatus can make for tough going at points, the book presents a challenge to realists while providing a rigorous undergirding to what has become a widespread view.

Revolution and World Order: The Revolutionary State in International Society. BY JAMES DAVID ARMSTRONG. Oxford (U.K.): Clarendon Press, 1993, 328 pp. $75.00.

The author analyzes the international impact of several different revolutionary states, including the United States, revolutionary France, the Soviet Union, Indonesia, Cuba, the People's Republic of China, Libya and Iran. He argues that there is such a thing as "international society," a composite of international law, norms of diplomacy and balance-of-power considerations that constitutes the environment against which revolutionary states typically lay down their challenge. Those looking for startling conclusions will not find them here.

Might and Right After the Cold War: Can Foreign Policy Be Moral? EDITED BY MICHAEL CROMARTIE. Washington: Ethics and Public Policy Center, 1993, 135 pp. $18.94.

Realism once again comes under attack in this volume, this time from the perspective of religious conservatives. Contrary to the title of the book, there is very little here about foreign policy after the Cold War. Except for George Weigel's spirited attack on the amoralism of the Bush administration's foreign policy, the articles tend toward very abstract discussions of, inter alia, the role of prudence and character in statesmanship. Much of the debate concerns the degree to which the Bible can be a reliable guide to foreign policy—not your typical subject among foreign-policy professionals, but an interesting one nonetheless.

War and Responsibility: Constitutional Lessons of Vietnam and Its Aftermath. BY JOHN HART ELY. Princeton: Princeton University Press, 1993, 244 pp. $24.95.

The author, a prominent expert on constitutional law, argues in an entertaining style that the framers of the Constitution clearly intended to give Congress a decisive voice in a decision to go to war, but that Congress itself has repeatedly evaded this responsibility. He argues that the War Powers Act, while poorly drafted in some respects, is broadly constitutional and needs to be legitimized as such by the Supreme Court. Ely concludes with a long appendix offering a number of detailed suggestions of how to amend the War Powers Act.

The Global Resurgence of Democracy. EDITED BY LARRY DIAMOND AND MARC F. PLATTNER. Baltimore (MD): The Johns Hopkins University Press, 1993, 336 pp. $50.00 (paper, $14.95).

This is an anthology of articles from *The*

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Journal of Democracy, a quarterly sponsored by the quasi-official National Endowment for Democracy. For those unfamiliar with it, the *Journal of Democracy* since its founding four years ago has published some of the best contemporary writing on the subject of modern liberal democracy.

Economic, Social and Environmental

RICHARD COOPER

Beyond Spinoff: Military and Commercial Technologies in a Changing World. BY JOHN A. ALIC AND OTHERS. Boston: Harvard Business School Press, 1992, 428 pp. $35.00.

However mixed the record of the Defense Department in stimulating civilian technology, it will be much diminished in the future, partly because its expenditures will decline, more because the civilian world is moving too fast for it. The authors conclude that the U.S. government should play an active role not only in diffusing technology, but also in generating it, under three headings: pathbreaking (leading, if successful, to the creation of new industries), infrastructural (or generic, in more common usage, with wide applicability across industries) and strategic (supporting existing firms in developing particular products, deemed somehow to be of special significance). The last, picking winners, is the most controversial of the three, and the most difficult to implement successfully and without misusing public funds, as the authors are aware. Their screening criteria and procedural proposals are too vague to be very helpful, but they open a necessary debate.

The Economics of Global Warming. BY WILLIAM R. CLINE. Washington: Institute for International Economics, 1992, 416 pp. $40.00.

Global climate change is potentially the most serious environmental issue mankind will face. As a result of human activity—mainly prolific use of fossil fuels that release carbon dioxide, but also including destruction of forests, growing rice, raising cattle and numerous other activities—the surface of the earth may gradually warm, ultimately affecting patterns of rainfall, sea levels and even ocean currents.

Cline nicely pulls together the often inconclusive scientific evidence on global warming, and ambitiously attempts a global cost-benefit analysis on actions to mitigate (mainly) carbon emissions, i.e., a global energy policy, versus simply carrying on as we have been. He finds in favor of mitigations. Unfortunately, Cline strains too hard to reach that conclusion. He relies on imaginative but one-sided calculations to assess the costs of global warming and uses a discount rate to assess the present value of distant events (100-250 years from now) that is far too low, given the other opportunities we have today for benefiting future generations. Fortunately, Cline's analysis is notable for its honesty and full disclosure,

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so readers can assess the arguments for themselves. In the end Cline proposes a sensible course of action, given the potential risks involved: take inexpensive mitigation actions now, and devote a lot of effort to reducing the scientific uncertainty; defer expensive actions a decade or so until we know more, but be prepared if necessary to take them then.

Openness for Prosperity: Essays in World Economics. BY HERBERT GIERSCH. Cambridge: The MIT Press, 1993, 351 pp. $45.00.

This volume gathers 20 papers by one of Germany's leading economists, written since 1969. Giersch is an old-fashioned economist, in the sense that he deals with fundamental ideas and he is intelligible to nonspecialists; there is hardly an equation or diagram in the volume.

Giersch is an unabashed liberal, in the European sense of the term: he wants government to play its necessary roles in society, but he does not want government to stifle individual initiative and entrepreneurship, which he sees as the wellspring of modern prosperity. The essays explicitly have a distinctly Schumpeterian flavor, emphasizing dynamism, change and "creative destruction" rather than long-run equilibrium, which is the dominant framework for most modern economic analysis. American liberals will consider Giersch conservative—until they read his trenchant commentary on the residual feudalism and more recent corporatism that hobbles European economies and societies. This is a useful collection in English of the thoughtful writings of a distinguished German economist.

NAFTA: An Assessment. BY GARY C. HUFBAUER AND JEFFREY J. SCHOTT. Washington: Institute for International Economics, 1993, 164 pp.

This book describes and evaluates the North American Free Trade Agreement in light of the authors' assessment and recommendations for NAFTA in their *North American Free Trade: Issues and Recommendations*, published before conclusion of the negotiations. Professorially, they give the negotiated agreement an overall mark of B+, an average of components that range from C (for safeguards) to A (for agriculture, transportation and dispute settlement). Their work has already helped shape the debate on NAFTA, particularly their plausible finding that during the remainder of the 1990s NAFTA is likely to have a positive effect on employment in the United States, both quantitatively and qualitatively. The reason is simple: with NAFTA, capital-starved Mexico is likely to have an investment boom, run a trade deficit and import many American goods, especially investment goods. Without NAFTA, the Mexican economy will languish and may even have a financial crisis. Of course, some Americans, as well as many Mexicans, will have to adjust to eventual free trade between the two countries. But the adjustments required will be tiny, well under one percent, the size of the adjustments required continually in the U.S. economy by technological change and internal competition. This book offers a clear, cogent and persuasive analysis of a complex and politically charged topic.

Postwar Economic Reconstruction and Lessons for the East Today. EDITED BY

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RUDIGER DORNBUSCH, WILHELM NÖLLING AND RICHARD LAYARD. Cambridge: The MIT Press, 1993, 249 pp. $29.95.

A fascinating review, mostly by non-historians, of the post-1945 economic recovery in Britain, Finland, France, Germany, Italy and Japan, as well as an appraisal of the role of the Marshall Plan. Lessons for contemporary Eastern Europe are drawn mainly by a concluding panel, which finds few.

Poland's Jump to the Market Economy. BY JEFFREY SACHS. Cambridge: The MIT Press, 1993, 122 pp. $19.95.

This highly readable short volume, which originated as the Robbins Lectures at the London School of Economics, offers a succinct review of the history and rationale of the dramatic economic reforms in Poland since late 1989, sometimes misleadingly called the "big bang" approach to economic restructuring. Sachs, a Harvard professor and sometime advisor both to Poland's Solidarity and to Russia's Gaidar, makes a spirited and persuasive defense of Poland's main approach, given the circumstances there. In particular, he says the frequently lamented decline in output in former communist countries should not be lamented; it represents a necessary step in shifting resources away from the production that no one wants to output that is socially desirable. Sachs makes an interesting analogy between Poland's current efforts to "return to Europe" and those that began in Spain 30 years earlier.

National Innovation Systems. EDITED BY RICHARD R. NELSON. New York: Oxford University Press, 1993, 541 pp. $49.95.

An uneven but highly informative report on the systems for innovation—interpreted broadly to mean the ability to continue to compete successfully in a world market—in 15 countries, ranging (in size) from Israel to the United States. But the reader will look in vain for clear recommendations for policy, beyond the importance of a well-educated and flexible labor force.

Military, Scientific and Technological

ELIOT A. COHEN

The New Calculus: Analyzing Airpower's Changing Role in Joint Theater Campaigns. BY CHRISTOPHER BOWIE, FRED FROSTIC, KEVIN LEWIS, JOHN LUNCH, DAVID OCHMANEK AND PHILIP PROPPER. Santa Monica: RAND, 1993, 85 pp. $15.00.

An example of contemporary systems analysis, as useful for what it shows about that methodology as it is for substance. The bottom line—that air power can help defeat one regional opponent while holding another—has received considerable public attention. Replete with graphs, charts and figures, this study has a curiously dated air, most notably in its

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focus on a regional contingency involving an enemy who attacks Saudi Arabia with 4,000 tanks and 500 to 1,000 aircraft. Readers will have to take some of the deployment models and other frameworks on faith. The human and organizational elements of war are missing. The "new calculus" replicates the kind of work done throughout the Cold War—the creation of elaborately detailed campaign scenarios for computer analysis, but all very conventional, predictable and subject to confounding accidents of surprise and technological change. A useful and interesting study, to be sure, but one suspects that analysts, no less than generals, may have a penchant for preparing for the last war.

The Seven Military Classics of Ancient China. BY RALPH D. SAWYER WITH MEI CHÜN. Boulder: Westview Press, 1993, 568 pp. $29.95.

More than just a set of translations, this large work contains useful background material and bibliographic references for the seven military classics, the best known of which (in the West, at any rate) is Sun-tzu's *Art of War*. Sawyer, a Harvard-trained Sinologist, has worked in Asia for 20 years, and reports that these works continue to inform Asian business practices. Professional students of Asia will come to their own conclusions about the merits of this work, but those interested in national-security matters will surely find it useful and rewarding. Not only do these works have much to instruct us about Asian strategic thought, they remind readers of the importance of the cultural dimensions of strategy. No less important, the variety of views of war expressed in the classics remind the reader that Chinese thought is no more monolithic than its Western counterpart.

Moving Mountains: Lessons in Leadership and Logistics from the Gulf War. BY WILLIAM G. PAGONIS WITH JEFFREY L. CRUIKSHANK. Boston: Harvard Business School Press, 1993, 248 pp. $24.95.

"Amateurs talk strategy, professionals talk logistics," the pundits wheeze, but the truth is that logistics receives far less attention than it deserves. Pagonis masterminded logistics for the U.S. Army in Saudi Arabia in 1990-91, and by all accounts did a brilliant job. No startling revelations about Desert Shield or Desert Storm (or Desert Farewell, the no-less arduous withdrawal of forces from the Gulf), but a great deal about leadership in this unglamorous but indispensable area of military affairs. Pagonis writes for a business audience, and has much of interest to say about organizations and leadership style, including his penchant for using three-by-five cards to manage an organization. The author's account of the gargantuan deployment reveals a dimension of warfare at which the United States has excelled in the past and for which it retains unique capabilities to this day. The quality of men like Pagonis—a tough, brusque commander who read about the logistics of Alexander the Great on the way to the desert and quotes business theorists critically, but knowledgeably—helps explain the military's success in Desert Storm.

The Roots of Blitzkrieg: Hans von Seeckt and German Military Reform. BY

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JAMES S. CORUM. Lawrence: University Press of Kansas, 1992, 274 pp. $29.95.

A superb study of how the German army rebuilt itself after World War I, despite the rigid restrictions imposed by the victorious Allies. Almost 60 committees went to work immediately after the war to digest the lessons of the struggle of 1914-18. The Germans, contrary to legend, did well in the interwar period not because they shrugged off the experience of defeat, but precisely because they studied it so very closely. Corum depicts a military culture in which junior officers could oppose, in print and repeatedly, the firm convictions of their elders and yet not suffer retaliation. In short, an invaluable study of how a peacetime military avoided stagnation at a time of technological flux and when its relevance to immediate international problems appeared minimal. Material here for consideration by those thinking about the future of the American military as well.

The Soviet Military Encyclopedia. 4 Vols. Abridged English language ed. EDITED AND TRANSLATED BY WILLIAM C. GREEN AND W. ROBERT REEVES. Boulder: Westview Press, 1993, 1,436 pp. $375.00.

Had this work only appeared five years ago, it would have won immediate acclaim for its utility to non-Russian-speaking students of military affairs. Times change. The articles, which are well indexed but vary in quality, remind the reader simultaneously of the sophistication of Soviet military thought and its stiffness and obsolescence, both manifested by the U.S.S.R. in its curiously muscle-bound dotage. One sympathizes with the authors, who have clearly labored hard and long on a topic that now appears to be chiefly of historical interest.

The Invisible Weapon: Telecommunications and International Politics, 1851-1945. BY DANIEL R. HEADRICK. New York: Oxford University Press, 1991, 289 pp.

A fascinating study of the relationship between the ability to communicate and the balance of power. British control of cables before World War I gave that country an enormous intelligence and communications advantage over its competitors—a boon not lost on British planners, who early in the twentieth century considered cable communications an important element of imperial strategy. Other countries paid heed as well, with Germany fielding mobile radios as early as 1904. The latter parts of the book, which deal chiefly with communications intelligence in World War II, break little new ground, but overall this is a rare and welcome contribution to the underdeveloped literature on technology and international relations.

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The United States

STEPHEN E. AMBROSE

President Kennedy: Profile of Power. BY RICHARD REEVES. New York: Simon & Schuster, 1993, 763 pp. $27.50.

Because it is a story of the highest drama told by a veteran journalist who has dug up all sorts of new information (and from documentary rather than unidentified oral sources), this book makes compelling reading. Reeves' technique is to stick as closely as possible to President Kennedy's point of view. At critical moments, such as the Bay of Pigs, the Cuban Missile crisis or the coup against Diem, Reeves presents virtually every document Kennedy read over a several-day period, and most of what he heard, said or did.

For all the new material, however, some of it significant, Reeves' conclusions are not startling. Kennedy botched the Bay of Pigs because of his inexperience, aggressiveness and a flawed decision-making apparatus. In the missile crisis, he took the gravest possible risk over a relatively small issue and then lucked through. He was the central American agent in the plot against Diem, the point of which was to get on with winning the war.

What is missing here is not the factual content, not who said or did what, but rather any attempt at analysis. Not to excuse Kennedy, but shouldn't the CIA and the Joint Chiefs of Staff and the Department of Defense and Congress take some of the blame for the Bay of Pigs? With regard to the missile crisis, the author's technique allows him to avoid confronting such questions as: Did Kennedy have a right to make a promise binding on his successors, done without Senate approval, pledging the United States never to invade Cuba? If he had the right, was it wise? Did he miss a unique opportunity to get rid of Castro? Reeves quotes inside conversations that show the Kennedy administration believed Castro could not last another year—three at the most. What were the consequences? Reeves does not speculate. Nor does he ever say directly that Kennedy's goal was victory in Vietnam, that he had no intention of withdrawing and that his commitment reflected that of a large majority of his countrymen. But his documents make it clear that such was the case.

Reeves disapproves Kennedy's womanizing, his ruthless ambition, his lack of principles; but most of all he disapproves Kennedy's penchant for out-and-out lies, private and public. That he gives so many examples will lead some to dismiss the book as mere Kennedy-bashing. That would not be accurate.

More important, Reeves' book leads to the observation that presidential reputations go through some big swings. Truman was at 23 percent approval when he left office; today he is at about 90 percent. Kennedy was at about 50 percent when he was killed; he is all but worshipped today by a majority of the public, especially younger people. Yet with the scholars who look at him in depth, who study the record rather than watch the film clips, his reputation has sunk nearly out of sight. All of which means there will soon be a Kennedy revisionist school,

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and a big market awaits it.

Spheres of Influence: The Great Powers Partition Europe, from Munich to Yalta. BY LLOYD C. GARDNER. Chicago: Ivan R. Dee, 1993, 302 pp. $28.50.

In his latest tour de force, Lloyd Gardner, one of America's most distinguished diplomatic historians, examines President Franklin Roosevelt's policies toward the region from 1938 to 1945. A central theme is that in 1938 the Europeans, mainly the British and the French, with American acquiescence, allowed Germany to place the region within its sphere of influence, while in 1945 at Yalta the British and Americans acquiesced in Soviet domination—which they could not prevent short of a war in any event. The region was doomed to fall either into the orbit of Germany or Russia or into chaos, a power-politics truth Wilson had tried to deny at Versailles.

Roosevelt came home from Yalta and lied to the American people when he celebrated the event as an end to "spheres of influence and balances of power and all the other expedients which have been tried for centuries—and have failed." This lie was to cause much political trouble for the Democrats who followed Roosevelt.

The theme is not new, but the author puts forward a new and controversial interpretation of Yalta. Not only was it inevitable that Poland and the other central and east European nations fell to Soviet control, he writes, but it was a good thing for the world. The division of Europe was already in place before World War II ended and the Cold War began because of where the various armies ended up. Without the existence of the apparently threatening Soviet sphere of influence, Gardner suggests, Congress never would have gotten behind the Marshall Plan. Without the Soviet bloc to unite them, the nations of Western Europe would have fallen into their former bad habit of squabbling with each other. Gardner argues that the alternative to Yalta was not a free Poland, but World War III.

Implied in the argument is the notion that everything turned out for the best: the Soviet empire imploded because it was such a rotten system; World War III was avoided, thanks to NATO; freedom reigns throughout Europe, except in former Yugoslavia. Good enough, but one wishes Gardner had at least a single word of sympathy for the Poles, East Germans and others who suffered through nearly 50 years of brutal dictatorship. In 1939 Britain and France went to war to guarantee a free and independent Poland; what Poland got from that declaration of war was six years of total misery and destruction—and then Stalin rather than Hitler for a master.

Shortcomings aside, this is excellent history, enlivened by extensive research that gives Gardner illuminating, insightful and just plain funny quotations. One example: at the final Yalta dinner, Churchill warned Stalin that he had an election coming and "I shall have to speak very harshly about the Communists . . . You know we have two parties in England."

"One party is much better," Stalin responded.

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Western Europe

FRITZ STERN

Tension Between Opposites: Reflections on the Practice and Theory of Politics. BY PAUL H. NITZE. New York: Charles Scribner's Sons, 1993, 224 pp. $22.00.

This slim volume by one of the veterans of the Cold War gets off to a promising start: "It is my view that most of what has been written and taught under the heading 'political science' by Americans since World War II has been contrary to experience and common sense. It has also been of limited value, if not counterproductive, as a guide to the actual conduct of foreign policy." But after some sage, though hardly surprising, bits of advice, the book becomes a series of brief sketches of the public service of such men as Harry Truman, George Marshall, and George Shultz, occasionally enlivened by an arresting anecdote involving Nitze.

Chester Bowles: New Dealer in the Cold War. BY HOWARD B. SCHAFFER. Cambridge (MA): Harvard University Press, 1993, 373 pp. $29.95.

Chester Bowles was the number-two man in the State Department when he made the mistake of telling Jack Kennedy the Bay of Pigs operation would fail and then compounded his mistake by reminding Kennedy after the debacle. That "I told you so" cost him his job and brought to an end a long and distinguished career in public service, which included stints as ambassador to India (twice), governor of Connecticut and member of Congress. The author, a retired Foreign Service officer, tells Bowles' story with sympathy and in considerably more detail than necessary.

The Inner Sea: The Mediterranean and Its People. BY ROBERT FOX. New York: Knopf, 1993, 575 pp. $30.00.

A British journalist who for nearly three decades has made the Mediterranean his special beat has written an important compendium about the countries bordering the sea. Every country gets its due, and his sketches of individuals (Aldo Moro, for example, or Yasser Arafat) and old cities and regions are incisive and memorable. Combining a novelist's imagination and a reporter's sense of fact, Fox has written a most unusual book, with a political theme: all across the Mediterranean, despite such obvious diversity, certain processes seem almost identical, most clearly: "the authority of states and governments was being weakened visibly by the uncontrolled surges and shifts of populations." A trifle long and repetitive, the book is nevertheless a most readable and informative introduction to countries, all too often neglected, that are in the throes of revolutionary change. How is the richer North going to respond to the population explosion of the poor South? We were surprised by events in Eastern Europe; this book alerts us to likely and less welcome upheavals along the Inner Sea.

The Quest for Stability: Problems of West European Security, 1918–1957. EDITED BY R. AHMANN, A. M. BIRKE AND M. HOWARD. New York: Oxford

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University Press/London: The German Historical Institute, 1993, 546 pp. $79.00.

A superior symposium, brilliantly introduced by Michael Howard, whose understanding that just as domestic and foreign policies cannot be separated, so military and economic facts are inseparable in any assessment of security, informs most of these essays. Some deal with national perceptions of security, others with the impact of new military technology and the evolution of economic factors; some offer new perspectives based on recently available archival sources. A remarkable work, with occasional contradictions among individual authors and by no means a complete history of the period or the subject. Authors come from eight countries, and include, inter alia, Zara Steiner, Manfred Messerschmidt and Charles Maier. Ernest May contributes a superb analysis of how the ill-informed faith in America's deterrent power through nuclear weapons enabled the West to mount a NATO commitment that democratic countries would not have sanctioned if conventional weapons had been the principal weapons. As he puts it, "We see the men of 1945-47 (and, happily, of 1945 to the present) stumbling into peace."

Spy Trader: Germany's Legendary Spy Broker and the Darkest Secrets of the Cold War. BY CRAIG R. WHITNEY. New York: Times Books, 1993, 375 pp. $25.00.

A veteran *New York Times* reporter, now the *Times*' diplomatic correspondent in Europe, has pieced together one of the great shadowy stories of the Cold War: the exchange of East German prisoners (some of whom were accused of being spies) for West German funds, with the master mediator on the eastern side the nattily dressed lawyer, Wolfgang Vogel. His first major role was to arrange for the swap of U-2 pilot Gary Powers for Soviet spy Rudolf Abel. On the basis of many interviews and wide reading, Whitney reconstructs the story of Vogel's career, which began in the 1950s and gradually involved him as a central contact between the Stasi and the East German regime on the one hand and West German government leaders and church organizations on the other. The book is at once a thriller, a piece of contemporary history, and a judicious, sensitive guide through the morally complex world of the Cold War, where the East Germans collected some three billion Deutsche mark for freeing prisoners and where many East Germans lived in a gray zone, far from good and evil. Vogel, much decorated in the old G.D.R., well-connected in the F.R.G. before the fall of the wall, was himself briefly imprisoned after unification. Whitney fishes facts from Cold War mystery and in the process illuminates the feats and failures of the overblown intelligence industry and the atmosphere of the Cold War.

Beyond the Wall: Germany's Road to Unification. BY ELIZABETH POND. Washington: Brookings Institution, 1993, 367 pp. $28.95.

Berlin Witness: An American Diplomat's Chronicle of East Germany's Revolution.

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BY G. JONATHAN GREENWALD. University Park: Penn State Press, 1993, 347 pp. $32.50.

Elizabeth Pond, a long-time journalist in Germany, has written a fine instant history of the complex events and developments that led to German unification. She was an eyewitness to these events, but complemented what she saw by interviewing a wide array of leading actors in both Germanies, Europe and the United States. She also has an exceptional command of the new literature. She relates the diplomatic context of unification, giving generous praise to America's decisive role—a role, she argues, that Americans themselves failed to appreciate fully. So much of the drama of the G.D.R.'s dissolution was improvised—a fact that Pond acknowledges and that makes her analysis especially credible and valuable. An assured optimism pervades her conclusions, for example: "Thus, following German unification, the EC is condemned to succeed." Some sentence!

Greenwald was the last Political Counselor at our East German embassy and his diary notes cover the momentous months from the accelerating unrest in the G.D.R. in 1989 to actual unification. An exceptional record of a tottering regime, with shrewd observations about the special character of the G.D.R.: "Ironically, while the more successful West German society adds greatly to dissatisfaction, its nearness makes East Germans less inclined to take risks." As did Stasi omnipresence, but at the end and with the encouragement of the churches, vast numbers of East Germans did take to the streets, at incalculable risk. Greenwald gives fine portraits of East German reformers, of those who hoped for a thoroughly democratic but still independent G.D.R.. He also gives a close, cordial view of the American Foreign Service. Greenwald's book has an immediacy and incisiveness that Pond's retroactive reconstruction largely lacks.

The Holocaust, the French and the Jews. BY SUSAN ZUCCOTTI. New York: Basic Books, 1993, 383 pp. $30.00.

Denying the Holocaust: The Growing Assault on Truth and Memory. BY DEBORAH E. LIPSTADT. New York: The Free Press, 1993, 278 pp. $22.95.

The author of an excellent work on the Italians and the Holocaust has delved into a more familiar—and still more tragic—story; she documents French anti-Semitic acts that preceded the German occupiers' demands and then discusses French complicity, most importantly Vichy complicity, in the German program of extermination. She also emphasizes the benevolence of an untold number of French men and women who in diverse ways helped to save most French Jews; the Jews of foreign birth and often their French-born children suffered more cruelly.

Given the absolute factuality of Zucotti's work—and of countless other accounts—efforts to deny the Holocaust may seem like a hopeless venture in falsification. But as Lipstadt makes clear, the deniers are a determined, fanatical lot, mostly of extreme right-wing persuasion, who seem to be gaining strength and influence. They have the indirect help of historians who do not deny the Holocaust but seek to "relativize" it, to depict

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Nazi acts as defensive. Lipstadt, a student of the Holocaust, examined the most appalling material, but in the context of American "deniers" (she rightly does not accord them the name revisionists) discusses how far the principle of free speech should protect the determined groups that often portray the Holocaust as a Jewish-Israeli invention designed to bilk the gullible world.

Western Hemisphere

KENNETH MAXWELL

Utopia Unarmed: The Latin American Left After the Cold War. BY JORGE G. CASTAÑEDA. New York: Alfred A. Knopf, 1993, 498 pp. $27.50.

This book deserves to be at the top of any reading list on Latin America. Jorge Castañeda, a well-known Mexican scholar, has written a timely, fascinating and skillfully crafted account of the impact of the end of the Cold War on the Latin American left. His canvas is large, truly hemispheric in scope, incorporating armed guerrillas, old-line communist parties and populist politicians, and reaching from a discussion of the role of the radicalized clergy and Jesuits to the machinations of Cuba's intelligence agents.

Perhaps the most remarkable feature of this book is its lack of self-censorship. The disintegration of the Soviet Union and the failure of the Cuban revolutionary experiment has freed the Latin American left to tell its own internal history, liberated from the fear that to do so will provide hostages for its enemies. Thus, Castañeda provides an extraordinary account of the activities of Manuel Piñeiro, who from the beginning of the Cuban revolution played a key role in building one of the world's most successful security services. He also provides insights into the internecine struggles within the Salvadoran left and Cuba's role in these bloody conflicts over tactics and leadership.

The pivotal role of intellectuals, not only within the left but also as interlocutors between government and opposition, and increasingly between Latin America and the West, is carefully examined here. Castañeda pulls no punches. He recognizes the intellectuals' easy seduction by power and their "cannibalistic" struggles for funding, prestige, jobs, and perks. Castañeda, who was educated at Princeton and the Sorbonne, comes from this intellectual milieu, of course, and is very much at home in the international left-liberal networks he so vividly describes. It is in this matrix that Castañeda places his new definition of Latin American national interests, recommending that the Latin American left exploit their international connections. The left, he believes, should move from outright opposition to everything Washington does toward concentrating on transnational coalitions to oppose specific U.S. policies the left objects to. "The U.S. political system did provide a large margin of action to those who want to make their case to the American public," he

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concludes. Indeed, this was the great lesson learned by the Sandinistas and Salvadoran left during the 1980s. "Mainly, they understood that the most effective ally, if not the most reliable friend, that practically anyone in Latin America with a U.S. agenda could seek was to be found within the United States."

Castañeda is sensitive to the explosion throughout Latin America of popular participation at the grass roots level in the 1980s, which constitutes a new component of the Latin American left, comprising church groups, organizations of urban dwellers, human-rights activists, and above all, women.

The end of the Cold War, Castañeda argues, will allow the Latin American left to shed the communist stigma. No less important, it will remove the temptation to blame the United States for its own weaknesses and mistakes. He recommends three imperatives: an uncompromising commitment to representative democracy and opposition to all human-rights violations wherever they occur; a repudiation of corruption; and the consistent practice of democracy within the left's own ranks. In this context, Castañeda is critical of the Latin American left's continuing ambivalence over the question of democracy in Cuba. These basic recommendations, together with Castañeda's rich menu of policy suggestions, are all eminently humane and reasonable. At times, however, they seem more attuned to the cosmopolitan seminar rooms of his international network than to the inhuman and unreasonable streets described so vividly in his pages. And it is also important to remember that in Cuba, "utopia" remains armed, even if confined to a bunker.

Castañeda recognizes the obstacles to his reformist agenda, to be sure: Latin America's immense deficiencies in education, health, housing, nutrition, and infrastructure, and the dilemma of how to finance the remedies for these deplorable conditions. With only a third of the total population of Latin America, according to Castañeda's calculations, fully integrated within the modern economy in terms of income and consumption, it remains an open question as to whether the wealthy will be able or willing to finance the needs of the poor majority. Castañeda believes that fear of social upheavals and concern over public safety will force the upper and middle classes to acquiesce to the reformist agenda he outlines. "Without the fear inspired by the prospect of losing everything, the wealthy and the middle class will prefer to lose nothing," he writes. But short of the revolutionary option, which Castañeda thinks is dead in Latin America, it is difficult to see how the choices will occur in such stark terms. And, if they do occur, why would the rich not turn, as in the past, to their praetorian guards who still linger not far in the background in most of the countries of Latin America. These traditional enemies of democracy also tend to see Castañeda's international networks less as a mechanism to influence U.S. policy than as a conspiratorial arm of U.S. strategic interests in the region. But here Castañeda chooses hope over history. It is notable that a serious discussion of the military and the role of the armed forces in Latin America is largely absent from this otherwise comprehensive book.

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Jorge Amado, the great Brazilian novelist, whom Castañeda calls one of "the most long-lasting communist intellectuals in Latin America and the world," summed up the pain and sadness at the defeat and failure of the cause to which so many of his friends had dedicated their lives. "The ideals of justice and beauty for which they fought, for which they suffered persecution and violence, jail and torture, and for which so many were murdered, turned into smoke, into nothing, into a lie and an illusion, a miserable and ignominious trick." It is the picking up of the pieces from this wreckage and the recuperation of the democratic aspirations of the left that Jorge Castañeda has so brilliantly captured in this remarkable book.

American Foreign Policy toward Latin America in the 80s and 90s: Issues and Controversies from Reagan to Bush. BY HOWARD J. WIARDA. New York: New York University Press, 1992, 363 pp. $50.00 (paper, $17.50).

Few books seem older than collections of articles on yesterday's controversies. Howard Wiarda, who spent much of the Reagan and Bush administrations on the fringes of power at the American Enterprise Institute, faces this dilemma, frankly, in his preface. His justification is that these republished papers will help show "how policy was being made or to influence policy, and they are invaluable both as primary sources and as secondary analysis by those close to power." In fact, Wiarda provides some provocative insights in these pages on the growth and operating practices of the various policy-oriented "think tanks" of Washington.

Among the most controversial of his chapters is a discussion of Mexico, which he describes as an "institutionalized tyranny, or better, a system of institutionalized authoritarianism." He claims that the Mexican presidency "is a position of such vast powers as to rival the ancient Aztec emperors and the Spanish viceroys."

These are not the usual words one expects from a Washington think-tank insider, and although Wiarda prides himself on his historical sensitivity, to compare Salinas to Montezuma (or Montezuma to the Spanish viceroys, for that matter) is excessive to say the least. Wiarda's analysis, however, does serve to raise an uncomfortable question that very few U.S. Mexicanists care to address, which is how successfully can the Mexican regime liberalize politically? Wiarda is not optimistic on this count. This issue has, of course, been studiously avoided in the NAFTA debate thus far. Senator Daniel Patrick Moynihan summed up the matter with his usual devastating frankness: "Can we have free trade with a country which does not have free elections?" (Yet it should be remembered that Portugal, then a decidedly undemocratic country, was a founding member of the European free trade area.) These questions are likely to come onto the table in the next few months, despite the best efforts by all three North American governments to sweep them away.

Cuba in Transition: Options for U.S. Policy.

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BY GILLIAN GUNN. New York: Twentieth Century Fund Paper, 1993, $9.95 (paper).

This latest book from Gillian Gunn, best known for her previous work on Southern Africa and Cuban intervention in Angola, is very much on target and provides a very clear summary of the multifaceted U.S. relationship with Cuba. What is possible for U.S.-Cuban relations in the short run seems very limited according to Gunn's analysis. She argues that policy "can only create a context conducive to one or another outcome. In Cuba, the United States can make peaceful democratic transition or violent chaos, more or less likely." Gunn recommends what she calls a "squeeze-minus" approach, and she believes that a "squeeze-plus" policy, such as that advocated by some conservatives and the more vocal elements within the Cuban American community, is more likely to lead to a violent outcome. She advocates more communication, not less, leading to a policy aimed at normalizing ties.

Yet even if the Clinton administration chooses to face down domestic hardliners (which seems politically unlikely), as always it takes two to tango, and overall this book places too much emphasis on U.S. actions alone, and too little on developments within the Cuban regime. Whether the old leopard can change his spots is doubtful at this late date.

So we are left with Gunn's gloomy conclusion that following an explosion in Cuba, "uncontrolled immigration could escalate, drug interdiction would suffer, trade and development is impossible in the midst of war-torn chaos, democracy and human rights do not thrive where there is civil conflict." And all this, she adds, "90 miles from the United States."

Silencing a People: Destruction of Civil Society in Haiti. BY AMERICAS WATCH AND THE NATIONAL COALITION FOR HAITIAN REFUGEES. New York: Americas Watch, 1993, 152 pp. $15.00 (paper).

This chilling report based on an investigation conducted in June and July 1992 demonstrates just how difficult a reestablishment of democratic rule in Haiti will be, despite the pressure exerted by the international community to bring about the return to office of Jean-Bertrand Aristide, Haiti's first freely elected president. The investigators document the systematic and ruthless repression by the army of the civic, popular, and grassroots organizations that formed after the downfall of the Duvalier dictatorship. The objective of the army has been to destroy "virtually all forms of independent association" so that any civilian administration will find it exceedingly difficult to garner the organized support needed to exert authority, not only over the military but also to confront the country's desperate economic and social problems. The authors strongly assert the need for accountability for the crimes committed by the army, including abuses by junior officers and section chiefs in the rural areas, where 70 percent of the Haitian population lives. As to U.S. policy, the report criticizes Washington's preoccupation with stemming the tide of Haitian boat people to the detriment of efforts to protect civil society in Haiti from systematic attack.

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Reconciling the Solitudes: Essays on Canadian Federalism and Nationalism. BY CHARLES TAYLOR. Quebec: McGill-Queen's University Press, 1993, 208 pp. $39.95.

According to Charles Taylor, one of North America's leading thinkers of the democratic left, the dispute between English and French Canada is at bottom a clash between two concepts of nationality, with English speakers devoted to liberal institutions and the French loyal above all to their peoplehood. As a venerable advocate of accommodation of Quebec, Taylor's writing will help non-Canadians understand the strain of thinking that produced the Meech Lake and Charlottetown accords. As a political theorist who candidly acknowledges the tension between English Canada's liberalism and French Canada's collectivism, Taylor illuminates why English Canada in the end decided that the two accords were too much to swallow.

Taylor's essays also illuminate Canada's economic failure. Taylor has long argued that Canada can create a strong national identity only via statist economic enterprise. This theory has guided Canadian elites since the early 1960s, and has justified the series of costly adventures, culminating in the National Energy Policy of 1980, that blasted Canada's economic hopes. It is interesting if depressing to rediscover the origins of this remarkably foolish public policy idea.

DAVID FRUM

Eastern Europe and The Former Soviet Republics

ROBERT LEGVOLD

The Baltic Revolution. BY ANATOL LIEVEN. New Haven: Yale University Press, 1993, 454 pp. $29.95.

The reader cannot do better than this book when trying to understand events leading to the renewal of Estonian, Latvian, and Lithuanian independence. Lieven, however, provides more than a full history of the last six years, considerably enhanced by his first-hand observations as a reporter for *The Times* of London stationed in the region from 1990-92. Nearly half the book traces the history of the Baltic states back to the beginning, with special stress on the twentieth-century historical context of today's great events. These chapters include fine portraits of the peoples who live there, including the Baltic Russians.

Lieven, a descendant of a Baltic German family from Latvia, brings a stern, discerning eye to the politicians and players on all sides. His judgments are frank and unvarnished. The book is without heroes. Nearly all the key personalities, even those of great strength and courage, emerge with notable shortcomings. History, in this instance, is involved and human, not mythical.

Beria: Stalin's First Lieutenant. BY AMY KNIGHT. Princeton: Princeton

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University Press, 1993, 294 pp. $24.95.
Knight, a long-time student of the Soviet KGB, has written a full political biography of Lavrenti Beria, Stalin's fellow Georgian, whom he put in charge of the NKVD at the close of its murderous rampage in the late 1930s. There he remained through the war and the postwar purges, until Stalin's successors shot him in the summer of 1953. Although without the benefit of KGB archives, which remain closed to scholars, Knight has pieced together as much as one can say about this unsavory, albeit cunning and capable, hangman. Her focus is less on the man than on the intersection between his career and the cruel doings of the regime's political watchdogs. Because Beria started early, one gets a good historical picture of the organization's development in the Caucasus in the 1920s and in the country at large from the 1930s on. Before his career and life ended, Beria came to defend a number of important liberalizing policies toward Soviet nationalities, the German question, and more. All of this Knight ably recounts, but without shedding much light on the reason for it.

The End of the Communist Revolution. BY ROBERT V. DANIELS. London: Routledge, 1993, 222 pp. $49.95 (paper, $16.95).
Daniels, a senior scholar in the field of Soviet studies, adds little to already published accounts of Gorbachev's effort to reform the Soviet system and the reasons he failed. The merit of his book, however, is in the broader task that he sets himself. Leaning on a lifetime of study, he uses the end of Soviet history to prompt more fundamental questions: What were the prior years all about? What was the meaning of Lenin's original revolution? Why Stalin, and what did his reign have to do with socialism? And, finally, what, with communism dead, is the future of socialism? Daniels responds with simple, straightforward answers, none of which penetrates deeply into these hard questions, but many of which set a reader to thinking.

The Russian Syndrome: One Thousand Years of Political Murder. BY HÉLÈNE CARRÈRE D'ENCAUSSE. New York: Holmes & Meier, 1992, 477 pp. $34.95.
This is history as an exclamation point. For the general reader who wants an easily digested, sweeping essay on 500 years of Russian history, bound to a theme, this will be an attractive book. The theme is that Russian history remains at its core the ruthless and unresolved relationship between state and society, which, in turn, can be reduced to the place of murder in the exercise of power. Murder, a word used to capture everything from assassination to mass purges, stands at the center of the "Russian syndrome." All this makes for interesting reading, but only by forcing a rich history into a stark mold, one that many historians will find hard to accept.

Figures in a Red Landscape. BY PILAR BONET. Baltimore: The Johns Hopkins University Press, 1993, 148 pp. $18.95.
Bonet reported from Moscow for the Spanish newspaper *El Pais* from 1984 to 1991. She must be a modest person. Despite being on the scene for all these

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historic years, she chooses to write a slim book of short vignettes, each featuring someone whose life or convictions illuminate an important corner of the Soviet experience. Some of the portraits, such as the one drawn of Alexander Men, the Russian Orthodox priest, who was born into a Jewish family and murdered the week she interviewed him, reveal more than whole books devoted to Russian anti-Semitism. Others, such as the encounter with Rembert Paloson, an Estonian whose father was destroyed by the regime in 1942 when he was a ten-year-old boy, whose family was shipped off to Siberia, who eventually came to head a large state farm near Tomsk, where Siberia and Asia join, who seems an honest and able man, and who believed deeply in the Soviet system and its ideals even while the system was collapsing, remind one of how much less simple all this was than most of us assume. As she says of her subjects: "Each encapsulates a number of historical layers that do not always produce a harmonious blend."

Russia's Muslim Frontiers. EDITED BY DALE F. EICKELMAN. Bloomington: Indiana University Press, 1993, 224 pp. $29.95 (paper, $12.95).

A book that is more appealing in conception than execution: the product of a Soviet-era collaboration between excellent Soviet and American analysts, who deal with everything from the record of Soviet and U.S. diplomacy in the Middle East to the political evolution within Afghanistan and Pakistan, but mostly with the former Central Asian republics of the Soviet Union. The collective result, however, falls short of its promise. It contains substantial articles on the revival of Islam in Uzbekistan (by Abdujabar Abduvakhitov), the Kurds and Bakhtiyari of Iran (by Gene Garthwaite), and Islamization in Pakistan (by Richard Kuran). A number of the chapters, however, look too much like the conference papers they originally were. Some are disappointingly brief.

Middle East

WILLIAM B. QUANDT

The Arabists: The Romance of an American Elite. BY ROBERT D. KAPLAN. New York: The Free Press, 1993, 317 pp. $24.95.

Arabists are not like other area specialists, at least not in the popular imagination. If one refers to an Africanist or a Latin Americanist, the image evoked is that of someone who has specialized in the history, languages and cultures of these regions and who has spent some time there. No pejorative connotations would automatically come to mind. With Arabists, however, there is a more sinister implication: anyone who has taken the time to master Arabic, or who has lived for long in the Arab world, must be anti-Israeli, struck by the disease of "clientitis," a bit romantic. Like the old China hands in the 1950s, they are widely viewed with suspicion.

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To some degree, Kaplan seems to be trying to dispel this negative image, but not entirely. He even has some trouble defining who fits the category of Arabist. Knowledge of Arabic and some experience in the Arab world seem prerequisites, yet nearly half the individuals he describes are not Arabists by this definition. At times he seems only to mean State Department officials who have served in Arab countries.

Kaplan feeds the stereotype that he later partly rejects by beginning his book with the statement that Arabists represent "the most exotic and controversial vestige of the East Coast Establishment." Really? In whose eyes? He goes on to quote approvingly from Francis Fukuyama, who claims that Arabists are "an elite within an elite, who have been more systematically wrong than any other area specialists in the diplomatic corps. This is because Arabists not only take on the cause of the Arabs, but also the Arabs' tendency for self-delusion."

The early generation of Arabists had something of a romantic, missionary streak. And some of the Arabists who Kaplan interviews live up to the image of being harshly critical of Israel and apologetic for various Arab regimes. But his prototypical figure of the early Arabist, Loy Henderson, was not an Arabist at all. Whatever motivated him to oppose the creation of Israel, it was not romantic Arabism. It may well have been an obsessive concern with communism, worry about oil, and an exaggerated belief that the Soviet Union would manipulate the Arab-Israeli conflict to the disadvantage of the United States. In taking this stance, he was joined by such foreign-policy luminaries as Dean Acheson, James Byrnes, George Marshall, Robert Lovett, George Kennan, James Forrestal, and Dean Rusk. Whatever else they had in common, it was not Arabism, and no one has ever demonstrated that they were captives of the State Department Arabists.

Kaplan is unable to provide convincing evidence that the Arabists, even loosely defined, have been "the secret drivers of America's Middle East policy since the end of World War II." Certainly in the past 25 years, the top policy positions dealing with the Middle East at State and the National Security Council did not often go to Arabists. So where is the allegedly "prodigious" influence of the Arabists seen?

Iraq, and Saddam's invasion of Kuwait in 1990, turn out to be Kaplan's evidence of the malign influence of the Arabists. The argument is simple: the Arabists encouraged a policy of appeasement of a ruthless dictator, allowing their emotions and biases to cloud their judgment. The crucial evidence comes from the Iraqi transcript of Ambassador April Glaspie's famous encounter with Saddam Hussein on July 25, 1990. (Her version of events is dismissed as inaccurate, and Kaplan seems to have made no effort to interview Glaspie to hear her side of the story.) In Kaplan's words, the Iraqi invasion of Kuwait represented "the greatest debacle in the history of America's Arabists."

But do the Arabists, and especially Ambassador Glaspie, deserve so much of the blame? After all, few Arabists remained in policy positions after the "purges" of the early 1970s. Kaplan himself notes that when the State Department urged a freezing of relations with

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Iraq in April 1990, it was the White House that blocked the proposal—not the American Ambassador in Baghdad, or any other Arabist. But he does not probe further to try to figure out why this was so. Nor does he note the curious fact that a number of neoconservative, pro-Israelis were making the case in 1989-90 for a "moderate" Saddam Hussein. After all, Saddam had spoken openly of peace with Israel; he had opposed the Soviet invasion of Afghanistan; he was standing up to the spread of Iranian-backed Islamic fundamentalism; he was supporting pro-Israeli Christian groups in Lebanon; and he was locked in a deadly quarrel with Syria's Hafiz al-Asad. The fact that friends of Israel were becoming apologists for Iraq was at least as important as the role of some Arabists in promoting better U.S.-Iraqi relations.

Kaplan's portrait of the Arabists largely exempts them from the charge of being harshly anti-Israeli. He is more convinced that they have erred by being soft-headed about Arab dictators. His hope is that a new generation of Arabists is coming along, tough-minded, analytical, knowledgeable about both Arabs and Israelis (what about Kurds, Turks and Iranians?), and from diverse backgrounds. But Kaplan, by distorting the past role of Arabists, by exaggerating their pernicious influence, and by ignoring their successes, has provided fuel for the continuing feud between Arabists and their critics. His concluding appeal for a truce therefore rings a bit hollow.

A Place Among the Nations: Israel Among The Nations. BY BENJAMIN NETANYAHU. New York: Bantam Books, 1993, 467 pp. $24.95.

The Netanyahu view of Middle East history is simple: endless betrayal by the West of promises made to the Jewish people, ferocious hostility from the Arabs, and heroic achievements by the Israelis. In his version of the Balfour Declaration, illustrated with a uniquely misleading map, Britain promised all of Palestine, east and west of the Jordan River, as the Jewish national home. The only problem with this image, and much of the rest of the historical sections of the book, is that it is not well grounded in fact. This is history as reinvented to suit political purposes. (If you have any doubts, read the actual text of the Balfour Declaration, which for some reason is not included in the many appendices to the book).

Despite the many footnotes, most reflecting casual scholarship at best, this is more a book of conviction and ideology than anything else. Read as such, the book is a true reflection of mainstream views within Israel's Likud party, which Netanyahu now heads. When he finally comes to the awkward question of what to do with the large Arab population that will remain under Israeli control if the West Bank and Gaza are retained, Netanyahu admits that there is a problem, but says that it will be solved by massive Jewish immigration, allowing the Palestinians to live as foreigners under Israeli rule, and perhaps to become citizens after a prolonged period of good behavior. In short, the kind of deal that

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Israel and the PLO have recently reached is anathema to Netanyahu. He is convinced that peace can only be achieved through an overwhelming display of Israeli power and radical transformation of the Arab world. While Netanyahu is harsh in his critique of the perfidious West and the untrustworthy Arabs, his real quarrel seems to be with the position of the majority of the Israeli public that is ready to reach a negotiated agreement with the Arabs involving the return of occupied territories in exchange for Arab commitments of peace, security and recognition. His book serves the useful purposes of making clear the nature of the dividing line in Israeli politics and of reminding moderate Arabs that they have every reason to negotiate with a Labor-led government, since Likud's views would preclude any agreement based on territorial compromise.

Lebanon—Fire and Embers: A History of the Lebanese Civil War. BY DILIP HIRO. New York: St. Martin's Press, 1993. 274 pp. $35.00.

Before Bosnia there was Lebanon. In case anyone has forgotten, Lebanon in the 1970s and 1980s showed how a decent, pluralistic country could descend into the worst type of civil war, with former neighbors carrying out unspeakable brutalities against one another. It is easy to conclude, as Hiro does, that Lebanon, like Bosnia, is an example of history returning with a vengeance.

The problem with historical determinism is just that—it all seems so neat and inevitable after the fact. So when Hiro, a seasoned reporter of Middle Eastern affairs, concludes that the original sin in Lebanon stemmed from the decision in 1943 to give the powerful presidency to a Maronite, thus leaving the faster-growing Muslim population no alternative but to take up arms, it all sounds very cut and dried. But even by his own historical account, there were points along the way when possibilities other than full-scale civil war might have dealt with the mounting political problems of this pluralistic country.

Even after more than a decade of civil war Lebanon remains intact, unlike Bosnia, and there is even some chance of reconstruction. Hiro does not expect a resumption of fighting—the embers of hatred have mostly burned out, and there has already been so much suffering. Mostly this is a straightforward historical narrative, competently told, but without a convincing analytical framework. Read this book for what happened, but not for why.

The Arab Minority in Israel, 1967-1991: Political Aspects. BY JACOB M. LANDAU. Oxford (U.K.): Clarendon Press, 1993, 237 pp. $35.00.

By the end of this decade, the Arab population of Israel—not including the occupied territories—will be near one million. These are Israeli citizens, with full political rights to vote, but they do not fit easily into a state whose primary mission is to serve as a homeland for Jews. The author has carefully studied the Arab community and presents a balanced picture of its economic status, social composition and political activity. His primary concern is that the denial of full equality to Israel's Arab citizens, combined with regional developments, has resulted in a radical-

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ization of this rapidly growing population. Several possibilities lie ahead. Arabs could use their demographic weight to influence Israeli politics, seek autonomy within Israel, or seek to secede from the Jewish state. Like their cousins across the green line, Israeli Palestinians are young, politicized, and often attracted to Islamic political movements.

Landau's preference for the future is for real integration of the Arab minority, and he offers a few general and gentlemanly suggestions. They seem a bit bland in light of the nature of the problem. His own analysis leaves one with the strong impression that Israel will have an "Arab problem" even if it succeeds in negotiating peace treaties with its neighbors.

The Iran-Iraq War: The Politics of Aggression. EDITED BY FARHANG RAJAEE. Gainesville: University Press of Florida, 1993, 245 pp. $39.95 (paper, $19.95).

One should not be surprised that a conference held in Tehran in 1988 on the topic of the Iran-Iraq war would result in a stark indictment of Iraqi aggression. What is more surprising is that this collection of essays, many written by Western scholars and Iranians residing in the West, comes close to meeting scholarly standards of discourse. Many of the papers succeed in capturing the Iranian sense of victimization, of having the costly eight-year war imposed on them by Saddam Hussein. Needless to say, there are Iraqi and Arab sides of the story that are not told here, but this collection is at least a start in sketching one side of the story that had a devastating impact on the Middle East and set the stage for Iraq's subsequent aggression against Kuwait.

Islamic Fundamentalism: The New Global Threat. BY MOHAMMAD MOHADDESSIN. Washington: Seven Locks Press, 1993, 224 pp. $18.95 ($14.95).

The title alone will insure that some people will read this book, but they should know what they are getting between the covers. This is essentially a political tract by a member of the People's Mujahedeen Organization of Iran. Its goal is to underscore the differences between the dogmatic, violence-prone Islamic fundamentalism of the Tehran regime and the tolerant, democratic face of Islam upheld by the Mujahedeen. Like many political tracts, this one makes some valid points. There are indeed different interpretations of Islam, and the rulers in Iran have adopted a particularly hard-line version. And no one can question the many misdeeds of the Iranian regime, including its support for terrorism. But none of this is very new, nor is it very nuanced in this account. The author's credibility also must be questioned when he glosses over such inconvenient points as the fact that the State Department has long considered the Mujahedeen to be a terrorist group. Finally, the author's own account shows that Iran is capable of posing a threat to the surrounding region, but not to the rest of the world. But then, a title underscoring that Islamic fundamentalism is first and foremost a problem for the regimes and peoples of the Middle East

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to deal with is not nearly as evocative as "New Global Threat." It would, however, be much more accurate.

Asia and the Pacific

DONALD ZAGORIA

Let the Sea Make a Noise: A History of the North Pacific from Magellan to MacArthur. BY WALTER A. MCDOUGALL. New York: Basic Books, 1993, 793 pp. $30.00.

A Pulitzer Prize-winning historian combines much historical research and great literary skill with an understanding of geopolitics and national power rivalries to weave a fascinating tale of the history of the great powers in the north Pacific during the past 400 years. He divides the narrative into three technological eras—the Age of Sail, the Age of Steam and Rails, and the Age of the Internal Combustion Engine. The literary device is a tale told by a dreaming professor to an audience of historical personalities who were themselves at the center of events—the American secretary of state who purchased Alaska, the Russian builder of the Trans-Siberian railway, a Spanish missionary who helped establish the first European settlements in California, the Japanese ambassador to the United States before Pearl Harbor and a Hawaiian queen. The result is both informative and a delight to read. This is that rare historian who knows how to tell a good story and how to generalize about the most fundamental issues—such as which factors impel and limit national expansion. The weakness of the volume is its failure to examine the rising importance of trade, investment and the information revolution in determining national power. Perhaps the author will give us a sequel with the missing last chapter—the Age of the Computer and the Transnational Corporation.

Russia and Japan: An Unresolved Dilemma between Distant Neighbors. EDITED BY TSUYOSHI HASEGAWA, JONATHAN HASLAM AND ANDREW KUCHINS. Berkeley: University of California/International and Area Studies, 1993, 456 pp. $26.50 (paper).

This is a collection of essays by American, Japanese and Russian academics on Russian-Japanese relations. The quality is erratic. Especially informative is Mike Mochizuki's essay on Japanese thinking about post-Soviet Russia. He divides Japanese thinkers into three groups: geopoliticians, nationalists and arms controllers. The Japanese geopoliticians see a persisting Russian naval threat and argue for strengthening the U.S.-Japan alliance and modernizing Japanese forces. The nationalists argue that Japan must develop an autonomous defense policy so that it could opt out of any Russian-U.S. military conflict. The arms controllers stress the possibility of naval arms-control agreements now that the Cold War is over.

Another informative essay by two Russian academics, Goncharov and Kuchins, notes several competing strains in Russian foreign-policy thinking. On the right is a fundamentalist view which advocates an imperial foreign policy to maintain the balance of power on the

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Eurasian continent and contain "American imperialism." There are also isolationists whose highest priority is to protect the country from economic dependence and spiritual pollution from the West. Finally, there are pro-Western democrats, now in control, who wish to build a democratic Russia and to align Russia with Western states that share democratic values.

Since 1991, the authors say that a split has emerged in the democratic camp between "Atlanticists" and "Eurasianists." The former believe that Russia's first priority should be integration with the West. The latter speak about a special role for Russia, either as a land bridge between Europe and Asia or as a stabilizing force in Central Asia and the Caucasus.

Japan's Political Marketplace. BY J. MARK RAMSEYER AND FRANCES MCCALL ROSENBLUTH. Cambridge: Harvard University Press, 1993, 262 pp. $39.95.

Against those who believe that Japan is closed and inscrutable, run by a mysterious and unique "system," the authors of this volume argue that the nature of Japanese politics, and particularly of the Liberal Democratic Party (LDP), rests largely on the multi-member electoral system. Employing the new mantra of some American social scientists, rational choice theory, the authors argue that the electoral system explains why LDP members are forced to spend enormous sums of money to organize and maintain extensive personal-support networks. Furthermore, if the electoral system is changed in favor of single-member districts, the authors insist, this will have major—and largely beneficial—consequences for Japan and its trading partners. Factions will atrophy. LDP electoral strategy and policy decisions will be centralized. The LDP will be free to compete with other parties on the basis of issues as opposed to constituency favors. The LDP will reduce its dependence on farmers and small business. And the relationship between the LDP and the bureaucracy will change as well.

All of this is a heavy burden to place on the electoral system. But since electoral reform in Japan now seems to be on the way, we may soon be able to test the authors' predictions.

Japan in the World. EDITED BY MASAO MIYOSHI AND H. D. HAROOTUNIAN. Durham: Duke University Press, 1993, 365 pp. $42.50 (paper, $18.95).

This collection of essays sheds more light on some parts of American academia than it does on modern Japan. The distinguishing characteristics of the volume are academic pretentiousness, obtuse writing, and sweeping attacks on American "Japanologists," who (the editors inform us) have "put their expertise into the service of defending American industrial hegemony."

As for style, consider the following excerpt from an essay by Bruce Cumings entitled, "Archaeology, Descent, Emergence: Japan in British/American Hegemony, 1900-1950":

> We may now formulate an equation, to satisfy the positivist penchant for quantitative certainty: let E stand for excava-

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tion, D for descent, EM for emergence and A for archaeology; thus: E + D + Em= A, our "archaeology of the present," a critical method for doing history that seeks something more than the usual "let the facts speak for themselves" empiricism, something more than mere "pearl diving," and something other than history as "progress toward a goal.

Is that all perfectly clear?

What Is Japan? Contradictions and Transformations. BY TAICHI SAKAIYA. New York: Kodansha, 1993, 312 pp. $25.00.

A former Japanese bureaucrat seeks to "explain" Japan. He argues that the system of administrative guidance is the common factor behind international criticism, dissatisfaction with the quality of life and the pervasive scandals. And he is skeptical about the prospects for reform.

Unfortunately, in such a wide-ranging work, there are only scant and largely euphemistic references to Japan's role in World War II, a fact which does not square with the publisher's claim that this book sets "a new standard of frankness" for books on U.S.-Japanese relations.

The Lands of Charm and Cruelty: Travels in Southeast Asia. BY STAN SESSER. New York: Knopf, 1993, 306 pp. $23.00.

The author has written extensively on Southeast Asia for *The New Yorker*. In this volume, he has chapters on Singapore, Burma, Cambodia and Borneo. His theme is the contrast between "charm and cruelty." Although the author is an accomplished journalist and a lively writer, this volume lacks any substantial conceptual or historical framework. He asks why in these nations authoritarianism and repression appear again and again. His answer emphasizes their colonial past and the "mistaken" policies of the United States, Britain and France immediately after World War II. But this simply ignores the long pre-colonial authoritarian legacy in much of Southeast Asia and it oversimplifies the impact of colonialism. For some inexplicable reason, too, the author leaves entirely out of his account the other countries of Southeast Asia, which have been among the fastest growing nations in the world, and in which there is the beginning of pluralism.

Finally, his predictions that the U.N.-sponsored election in Cambodia would fail have turned out to be wrong. One suspects that his dire admonitions about the return of the Khmer Rouge will also prove wrong.

India in Transition: Freeing the Economy. BY JAGDISH BHAGWATI. Oxford: Clarendon Press, 1993, 108 pp. $39.95 (paper, $12.95).

Starting in the early 1950s India embarked on a "mixed" economic strategy that attempted to combine features of capitalism and socialism. At the time, India's approach was praised by many of the world's leading development economists and by other international donors. The strategy provided for a large public sector, import substitution, and a highly regulated private sector. The result was truly "mixed" for it produced both the slow growth of socialism and the inequalities of capitalism. While the newly industrialized countries of East Asia took another path, India's political leadership

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held fast to the Nehru/Mahalanobis strategy well into the 1980s. Professor Jagdish Bhagwati, who served in the Planning Commission in the 1960s before coming to the United States (he is now at Columbia University and the principal economic advisor to GATT) has been a persistent critic for the past 30 years. In the first two essays of this small, lively and readable volume, Bhagwati explains why the model failed. In the third Bhagwati describes the current efforts of the Indian government, under the intellectual guidance of its able finance minister, to play catch-up by embarking on a series of market-oriented economic reforms. India still has a long way to go, but the limited reforms have already led to higher exports and greater industrial productivity. The barriers to continued reform are formidable, for as Bhagwati argues, they depend on how quickly they produce results both in terms of efficiency and growth and a reduction in poverty. The reforms also depend upon political struggles over religious and ethnic identities that have little to do with the economic reforms. Can we be confident that these reforms would continue if the governing Congress party joined in a coalition with the anti-reform Marxist left parties to prevent the Hindu nationalist Bharatiya Janata Party from taking power?

Bhagwati has written an optimistic, prescriptive book, focusing more on what is to be done than on whether politically it will be done. But for anyone concerned with why India's economic development strategy failed and why the new liberalization strategy makes sense, this short, non-technical analysis is the book to read.

MYRON WEINER

Africa

GAIL GERHART

Israel and Africa: The Problematic Friendship. BY JOEL PETERS. London: I. B. Tauris & Company, 1992, 210 pp. $59.50.

The Beta Israel (Falasha) in Ethiopia: From Earliest Times to the Twentieth Century. BY STEVEN KAPLAN. New York: New York University Press, 1992, 231 pp. $45.00.

These contrasting studies examine aspects of Africa's historical relationship with Israel. Peters' work joins the large literature on the ups and downs of Israeli-African links from the 1960s to the present, concentrating on the political and economic calculus underlying African diplomacy. It is balanced and well informed but unoriginal. Kaplan's book is a striking piece of scholarship aimed at demythologizing the origins of the Ethiopian Falasha, nearly 40,000 of whom have emigrated to Israel in the last decade under the Law of Return. Using the wealth of archaic documentary sources on Ethiopian history, the author, a professor at Hebrew University, argues persuasively that evidence from the 14th century onward establishes that the Falasha are a group shaped by Jewish influences but are almost certainly not the descendants of Jews.

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Religion and National Integration in Africa: Islam, Christianity, and Politics in the Sudan and Nigeria. BY JOHN O. HUNWICK. Evanston: Northwestern University Press, 1992, 176 pp. $49.95.
This unusual book records the proceedings of a seminar featuring papers by several eminent African intellectuals including Abdallahi An-Na'im, Francis Deng and Ibrahim Gambari. Focusing on the Sudanese civil war and religious tensions in Nigeria, the participants explore the political and sociological pressures fueling Islamic fundamentalism, the philosophical dilemmas associated with Sharia law and, to a lesser extent, the efforts of Middle Eastern states to play an influential role in Africa.

Guinea-Bissau: Power, Conflict, and Renewal in a West African Nation. BY JOSHUA B. FORREST. Boulder: Westview Press, 1992, 165 pp. $36.50.
Portugal's African colonies have not fared well in the post-independence era. Guinea-Bissau, although spared the calamitous civil wars that have wracked Mozambique and Angola, has failed to achieve adequate social and economic development and today remains one of the world's 15 poorest countries. The author examines the ways in which government efficiency, corruption, and isolation from rural opinion are the product of Guinea-Bissau's social and political circumstances, and argues that the inputs by international leaders and donors have tended to reinforce rather than diminish these failings. Tempering the otherwise gloomy portrait of a nation in decline are some signs that renewal may be possible: the ingenuity of ordinary citizens who survive through the informal economy, and the stirrings of a pro-democracy movement among émigré intellectuals.

Moving the Centre: The Struggle for Cultural Freedoms. BY NGUGI WA THIONG'O. Portsmouth: Heinemann, 1993, 184 pp. $17.95 (paper).
Burying SM: The Politics of Knowledge and the Sociology of Power in Africa. BY DAVID WILLIAM COHEN AND E. S. ATIENO ODHIAMBO. Portsmouth: Heinemann, 1992, 159 pp. $45.00.
These works each address questions of cultural authenticity, westernization, and the multilayered nature of power in rapidly evolving Third World societies. The first, a collection of 21 essays and speeches by Kenya's leading writer, emphasizes themes long associated with the author: the necessity of decolonizing African culture, of writing in African languages, and of returning the generative center of cultural production to the grass roots among Africa's common folk. Where Ngugi's principal concern is literary culture, and his commentary is shaped by radical socio-political perspectives from the 1970s, Cohen and Odhiambo tackle culture as subjective reality-in-the-making, applying the techniques of deconstruction now fashionable in postmodern sociological analysis. Their subject is the 1986-87 controversy in Kenya over the burial of S. M. Otieno, a "modern" Luo professional living in Nairobi, whose Kikuyu widow put up a highly publicized legal battle to prevent her husband's relatives from burying his body with "traditional" rites in Luoland. Why did the contest over the body become a national obsession? What was

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the case "really" about? How did the multiple stakeholders, from President Moi on down, in the process of offering their official and unofficial testimonies, actively create (not merely reflect) Kenyan culture and history? The authors of this intriguing account offer a chorus of conflicting voices and invite readers to draw their own conclusions.

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Response

If Not Civilizations, What?

Paradigms of the Post-Cold War World

Samuel P. Huntington

When people think seriously, they think abstractly; they conjure up simplified pictures of reality called concepts, theories, models, paradigms. Without such intellectual constructs, there is, William James said, only "a bloomin' buzzin' confusion." Intellectual and scientific advance, as Thomas Kuhn showed in his classic *The Structure of Scientific Revolutions*, consists of the displacement of one paradigm, which has become increasingly incapable of explaining new or newly discovered facts, by a new paradigm that accounts for those facts in a more satisfactory fashion. "To be accepted as a paradigm," Kuhn wrote, "a theory must seem better than its competitors, but it need not, and in fact never does, explain all the facts with which it can be confronted."

For 40 years students and practitioners of international relations thought and acted in terms of a highly simplified but very useful picture of world affairs, the Cold War paradigm. The world was divided between one group of relatively wealthy and mostly democratic societies, led by the United States, engaged in a pervasive ideological, political, economic, and, at times, military conflict with another group of somewhat poorer, communist societies led by the Soviet Union. Much of this conflict occurred in the Third World outside of these two camps, composed of countries which often were poor, lacked political stability, were recently independent and claimed to be nonaligned. The Cold War paradigm could not account for everything that went on in world politics. There were many anomalies, to use Kuhn's term, and

Samuel P. Huntington is the Eaton Professor of the Science of Government and Director of the John M. Olin Institute for Strategic Studies at Harvard University. His article "The Clash of Civilizations?" appeared in the Summer 1993 issue of *Foreign Affairs,* and several responses to it were published in the September/October 1993 issue.

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at times the paradigm blinded scholars and statesmen to major developments, such as the Sino-Soviet split. Yet as a simple model of global politics, it accounted for more important phenomena than any of its rivals; it was an indispensable starting point for thinking about international affairs; it came to be almost universally accepted; and it shaped thinking about world politics for two generations.

The dramatic events of the past five years have made that paradigm intellectual history. There is clearly a need for a new model that will help us to order and to understand central developments in world politics. What is the best simple map of the post-Cold War world?

A MAP OF THE NEW WORLD

"The Clash of Civilizations?" is an effort to lay out elements of a post-Cold War paradigm. As with any paradigm, there is much the civilization paradigm does not account for, and critics will have no trouble citing events—even important events like Iraq's invasion of Kuwait—that it does not explain and would not have predicted (although it would have predicted the evaporation of the anti-Iraq coalition after March 1991). Yet, as Kuhn demonstrates, anomalous events do not falsify a paradigm. A paradigm is disproved only by the creation of an alternative paradigm that accounts for more crucial facts in equally simple or simpler terms (that is, at a comparable level of intellectual abstraction; a more complex theory can always account for more things than a more parsimonious theory). The debates the civilizational paradigm has generated around the world show that, in some measure, it strikes home; it either accords with reality as people see it or it comes close enough so that people who do not accept it have to attack it.

What groupings of countries will be most important in world affairs and most relevant to understanding and making sense of global politics? Countries no longer belong to the Free World, the communist bloc, or the Third World. Simple two-way divisions of countries into rich and poor or democratic and nondemocratic may help some but not all that much. Global politics are now too complex to be stuffed into two pigeonholes. For reasons outlined in the original article, civilizations are the natural successors to the three worlds of the Cold War. At the macro level world politics are likely to involve conflicts and shifting power balances of states from different civilizations, and at the micro level the most violent, prolonged and dangerous (because of the possibility of escalation) conflicts are likely to be between states and groups from different civilizations. As the article pointed out, this civilization paradigm accounts for many important developments in international affairs in recent years, including the breakup of the Soviet Union and Yugoslavia, the wars going on in their former territories, the rise of religious fundamentalism throughout the world, the struggles within Russia, Turkey and Mexico over their identity, the intensity of the trade conflicts between the United States and Japan, the resistance of Islamic states to Western pressure on Iraq and Libya, the efforts of Islamic and Confucian states to acquire nuclear weapons and the means to deliver them, China's continuing role

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as an "outsider" great power, the consolidation of new democratic regimes in some countries and not in others, and the escalating arms race in East Asia.

In the few months since the article was written, the following events have occurred that also fit the civilizational paradigm and might have been predicted from it:

—the continuation and intensification of the fighting among Croats, Muslims and Serbs in the former Yugoslavia;

—the failure of the West to provide meaningful support to the Bosnian Muslims or to denounce Croat atrocities in the same way Serb atrocities were denounced;

—Russia's unwillingness to join other U.N. Security Council members in getting the Serbs in Croatia to make peace with the Croatian government, and the offer of Iran and other Muslim nations to provide 18,000 troops to protect Bosnian Muslims;

—the intensification of the war between Armenians and Azeris, Turkish and Iranian demands that the Armenians surrender their conquests, the deployment of Turkish troops to and Iranian troops across the Azerbaijan border, and Russia's warning that the Iranian action contributes to "escalation of the conflict" and "pushes it to dangerous limits of internationalization";

—the continued fighting in central Asia between Russian troops and Mujaheddin guerrillas;

—the confrontation at the Vienna Human Rights Conference between the West, led by U.S. Secretary of State Warren Christopher, denouncing "cultural relativism," and a coalition of Islamic and Confucian states rejecting "Western universalism";

—the refocusing in parallel fashion of Russian and NATO military planners on "the threat from the South";

—the voting, apparently almost entirely along civilizational lines, that gave the 2000 Olympics to Sydney rather than Beijing;

—the sale of missile components from China to Pakistan, the resulting imposition of U.S. sanctions against China, and the confrontation between China and the United States over the alleged shipment of nuclear technology to Iran;

—China's breaking the moratorium and testing a nuclear weapon, despite vigorous U.S. protests, and North Korea's refusal to participate further in talks on its own nuclear weapons program;

—the revelation that the U.S. State Department was following a "dual containment" policy directed at both Iran and Iraq;

—the announcement by the U.S. Defense Department of a new strategy of preparing for two "major regional conflicts," one against North Korea, the other against Iran or Iraq;

—the call by Iran's president for alliances with China and India so that "we can have the last word on international events";

—new German legislation drastically curtailing the admission of refugees;

—the agreement between Russian President Boris Yeltsin and Ukrainian President Leonid Kravchuk on the disposition of the Black Sea fleet and other issues;

—U.S. bombing of Baghdad, its virtually unanimous support by Western governments, and its condemnation by almost

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all Muslim governments as another example of the West's "double standard";

—the United States listing Sudan as a terrorist state and the indictment of Sheik Omar Abdel Rahman and his followers for conspiring "to levy a war of urban terrorism against the United States";

—the improved prospects for the eventual admission of Poland, Hungary, the Czech Republic and Slovakia into NATO.

Does a "clash of civilizations" perspective account for everything of significance in world affairs during these past few months? Of course not. It could be argued, for instance, that the agreement between the Palestine Liberation Organization and the Israeli government on the Gaza Strip and Jericho is a dramatic anomaly to the civilizational paradigm, and in some sense it is. Such an event, however, does not invalidate a civilizational approach: it is historically significant precisely because it is between groups from two different civilizations who have been fighting each other for over four decades. Truces and limited agreements are as much a part of the clashes between civilizations as Soviet-American arms control agreements were part of the Cold War; and while the conflict between Jew and Arab may be circumscribed, it still continues.

Inter-civilizational issues are increasingly replacing inter-superpower issues as the top items on the international agenda. These issues include arms proliferation (particularly of weapons of mass destruction and the means of delivering them), human rights, and immigration. On these three issues, the West is on one side and most of the other major civilizations are on the other. President Clinton at the United Nations urges intensified efforts to curb nuclear and other unconventional weapons; Islamic and Confucian states plunge ahead in their efforts to acquire them; Russia practices ambivalence. The extent to which countries observe human rights corresponds overwhelmingly with divisions among civilizations: the West and Japan are highly protective of human rights; Latin America, India, Russia, and parts of Africa protect some human rights; China, many other Asian countries, and most Muslim societies are least protective of human rights. Rising immigration from non-Western sources is provoking rising concern in both Europe and America. Other European countries in addition to Germany are tightening their restrictions at the same time that the barriers to movement of people within the European Community are rapidly disappearing. In the United States, massive waves of new immigrants are generating support for new controls, despite the fact that most studies show immigrants to be making a net positive contribution to the American economy.

AMERICA UNDONE?

One function of a paradigm is to highlight what is important (e.g., the potential for escalation in clashes between groups from different civilizations); another is to place familiar phenomena in a new perspective. In this respect, the civilizational paradigm may have implications for the United States.[1] Countries like the Soviet

[1]See, for instance, the map in *Die Welt*, June 16, 1993, p. 3.

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Union and Yugoslavia that bestride civilizational fault lines tend to come apart. The unity of the United States has historically rested on the twin bedrocks of European culture and political democracy. These have been essentials of America to which generations of immigrants have assimilated. The essence of the American creed has been equal rights for the individual, and historically immigrant and outcast groups have invoked and thereby reinvigorated the principles of the creed in their struggles for equal treatment in American society. The most notable and successful effort was the civil rights movement led by Martin Luther King, Jr., in the 1950s and 1960s. Subsequently, however, the demand shifted from equal rights for individuals to special rights (affirmative action and similar measures) for blacks and other groups. Such claims run directly counter to the underlying principles that have been the basis of American political unity; they reject the idea of a "color-blind" society of equal individuals and instead promote a "color-conscious" society with government-sanctioned privileges for some groups. In a parallel movement, intellectuals and politicians began to push the ideology of "multiculturalism," and to insist on the rewriting of American political, social, and literary history from the viewpoint of non-European groups. At the extreme, this movement tends to elevate obscure leaders of minority groups to a level of importance equal to that of the Founding Fathers. Both the demands for special group rights and for multiculturalism encourage a clash of civilizations within the United States and encourage what Arthur M. Schlesinger, Jr., terms "the disuniting of America."

The United States is becoming increasingly diverse ethnically and racially. The Census Bureau estimates that by 2050 the American population will be 23 percent Hispanic, 16 percent black and 10 percent Asian-American. In the past the United States has successfully absorbed millions of immigrants from scores of countries because they adapted to the prevailing European culture and enthusiastically embraced the American Creed of liberty, equality, individualism, democracy. Will this pattern continue to prevail as 50 percent of the population becomes Hispanic or nonwhite? Will the new immigrants be assimilated into the hitherto dominant European culture of the United States? If they are not, if the United States becomes truly multicultural and pervaded with an internal clash of civilizations, will it survive as a liberal democracy? The political identity of the United States is rooted in the principles articulated in its founding documents. Will the de-Westernization of the United States, if it occurs, also mean its de-Americanization? If it does and Americans cease to adhere to their liberal democratic and European-rooted political ideology, the United States as we have known it will cease to exist and will follow the other ideologically defined superpower onto the ash heap of history.[2]

[2]For a brilliant and eloquent statement of why the future of the United States could be problematic, see Bruce D. Porter, "Can American Democracy Survive?," *Commentary*, November 1993, pp. 37-40.

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GOT A BETTER IDEA?

A civilizational approach explains much and orders much of the "bloomin' buzzin' confusion" of the post-Cold War world, which is why it has attracted so much attention and generated so much debate around the world. Can any other paradigm do better? If not civilizations, what? The responses in *Foreign Affairs* to my article did not provide any compelling alternative picture of the world. At best they suggested one pseudo-alternative and one unreal alternative.

The pseudo-alternative is a statist paradigm that constructs a totally irrelevant and artificial opposition between states and civilizations: "Civilizations do not control states," says Fouad Ajami, "states control civilizations." But it is meaningless to talk about states and civilizations in terms of "control." States, of course, try to balance power, but if that is all they did, West European countries would have coalesced with the Soviet Union against the United States in the late 1940s. States respond primarily to perceived threats, and the West European states then saw a political and ideological threat from the East. As my original article argued, civilizations are composed of one or more states, and "Nation states will remain the most powerful actors in world affairs." Just as nation states generally belonged to one of three worlds in the Cold War, they also belong to civilizations. With the demise of the three worlds, nation states increasingly define their identity and their interests in civilizational terms, and West European peoples and states now see a cultural threat from the South replacing the ideological threat from the East.

We do not live in a world of countries characterized by the "solitude of states" (to use Ajami's phrase) with no connections between them. Our world is one of overlapping groupings of states brought together in varying degrees by history, culture, religion, language, location and institutions. At the broadest level these groupings are civilizations. To deny their existence is to deny the basic realities of human existence.

The unreal alternative is the one-world paradigm that a universal civilization now exists or is likely to exist in the coming years. Obviously people now have and for millennia have had common characteristics that distinguish humans from other species. These characteristics have always been compatible with the existence of very different cultures. The argument that a universal culture or civilization is now emerging takes various forms, none of which withstands even passing scrutiny.

First, there is the argument that the collapse of Soviet communism means the end of history and the universal victory of liberal democracy throughout the world. This argument suffers from the Single Alternative Fallacy. It is rooted in the Cold War assumption that the only alternative to communism is liberal democracy and that the demise of the first produces the universality of the second. Obviously, however, there are many forms of authoritarianism, nationalism, corporatism and market communism (as in China) that are alive and well in today's world. More significantly, there are all the religious alternatives that lie outside the world that is perceived in terms of secular ideologies. In the mod-

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ern world, religion is a central, perhaps *the* central, force that motivates and mobilizes people. It is sheer hubris to think that because Soviet communism has collapsed the West has won the world for all time.

Second, there is the assumption that increased interaction—greater communication and transportation—produces a common culture. In some circumstances this may be the case. But wars occur most frequently between societies with high levels of interaction, and interaction frequently reinforces existing identities and produces resistance, reaction and confrontation.

Third, there is the assumption that modernization and economic development have a homogenizing effect and produce a common modern culture closely resembling that which has existed in the West in this century. Clearly, modern urban, literate, wealthy, industrialized societies do share cultural traits that distinguish them from backward, rural, poor, undeveloped societies. In the contemporary world most modern societies have been Western societies. But modernization does not equal Westernization. Japan, Singapore and Saudi Arabia are modern, prosperous societies but they clearly are non-Western. The presumption of Westerners that other peoples who modernize must become "like us" is a bit of Western arrogance that in itself illustrates the clash of civilizations. To argue that Slovenes and Serbs, Arabs and Jews, Hindus and Muslims, Russians and Tajiks, Tamils and Sinhalese, Tibetans and Chinese, Japanese and Americans all belong to a single Western-defined universal civilization is to fly in the face of reality.

A universal civilization can only be the product of universal power. Roman power created a near-universal civilization within the limited confines of the ancient world. Western power in the form of European colonialism in the nineteenth century and American hegemony in the twentieth century extended Western culture throughout much of the contemporary world. European colonialism is over; American hegemony is receding. The erosion of Western culture follows, as indigenous, historically rooted mores, languages, beliefs and institutions reassert themselves.

Amazingly, Ajami cites India as evidence of the sweeping power of Western modernity. "India," he says, "will not become a Hindu state. The inheritance of Indian secularism will hold." Maybe it will, but certainly the overwhelming trend is away from Nehru's vision of a secular, socialist, Western, parliamentary democracy to a society shaped by Hindu fundamentalism. In India, Ajami goes on to say, "The vast middle class will defend it [secularism], keep the order intact to maintain India's—and its own—place in the modern world of nations." Really? A long *New York Times* (September 23, 1993) story on this subject begins: "Slowly, gradually, but with the relentlessness of floodwaters, a growing Hindu rage toward India's Muslim minority has been spreading among India's solid middle class Hindus—its merchants and accountants, its lawyers and engineers—creating uncertainty about the future ability of adherents of the two religions to get along." An op-ed piece in the *Times* (August 3, 1993) by an Indian journalist also highlights the role of the middle

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class: "The most disturbing development is the increasing number of senior civil servants, intellectuals, and journalists who have begun to talk the language of Hindu fundamentalism, protesting that religious minorities, particularly the Muslims, have pushed them beyond the limits of patience." This author, Khushwant Singh, concludes sadly that while India may retain a secular facade, India "will no longer be the India we have known over the past 47 years" and "the spirit within will be that of militant Hinduism." In India, as in other societies, fundamentalism is on the rise and is largely a middle class phenomenon.

The decline of Western power will be followed, and is beginning to be followed, by the retreat of Western culture. The rapidly increasing economic power of East Asian states will, as Kishore Mahbubani asserted, lead to increasing military power, political influence and cultural assertiveness. A colleague of his has elaborated this warning with respect to human rights:

> [E]fforts to promote human rights in Asia must also reckon with the altered distribution of power in the post-Cold War world. . . . Western leverage over East and Southeast Asia has been greatly reduced. . . . There is far less scope for conditionality and sanctions to force compliance with human rights. . . .
>
> For the first time since the Universal Declaration [on Human Rights] was adopted in 1948, countries not thoroughly steeped in the Judeo-Christian and natural law traditions are in the first rank: That unprecedented situation will define the new international politics of human rights. It will also multiply the occasions for conflict. . . .
>
> Economic success has engendered a greater cultural self-confidence. Whatever their differences, East and Southeast Asian countries are increasingly conscious of their own civilizations and tend to locate the sources of their economic success in their own distinctive traditions and institutions. The self-congratulatory, simplistic, and sanctimonious tone of much Western commentary at the end of the Cold War and the current triumphalism of Western values grate on East and Southeast Asians.[3]

Language is, of course, central to culture, and Ajami and Robert Bartley both cite the widespread use of English as evidence for the universality of Western culture (although Ajami's fictional example dates from 1900). Is, however, use of English increasing or decreasing in relation to other languages? In India, Africa and elsewhere, indigenous languages have been replacing those of the colonial rulers. Even as Ajami and Bartley were penning their comments, *Newsweek* ran an article entitled "English Not Spoken Here Much Anymore" on Chinese replacing English as the lingua franca of Hong Kong.[4] In a parallel development,

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[3] Bilahari Kausikan, "Asia's Different Standard," *Foreign Policy*, Fall 1993, pp. 28-34. In an accompanying article Aryeh Neier excoriates "Asia's Unacceptable Standard," ibid., pp. 42-51.

[4] In the words of one British resident: "When I arrived in Hong Kong 10 years ago, nine times out of 10, a taxi driver would understand where you were going. Now, nine times out of 10, he doesn't." Occidentals rather than natives increasingly have to be hired to fill jobs requiring knowledge of English. *Newsweek*, July 19, 1993, p. 24.

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Serbs now call their language Serbian, not Serbo-Croatian, and write it in the Cyrillic script of their Russian kinsmen, not in the Western script of their Catholic enemies. At the same time, Azerbaijan, Turkmenistan, and Uzbekistan have shifted from the Cyrillic script of their former Russian masters to the Western script of their Turkish kinsmen. On the language front, Babelization prevails over universalization and further evidences the rise of civilization identity.

CULTURE IS TO DIE FOR

Wherever one turns, the world is at odds with itself. If differences in civilization are not responsible for these conflicts, what is? The critics of the civilization paradigm have not produced a better explanation for what is going on in the world. The civilizational paradigm, in contrast, strikes a responsive chord throughout the world. In Asia, as one U.S. ambassador reported, it is "spreading like wildfire." In Europe, European Community President Jacques Delors explicitly endorsed its argument that "future conflicts will be sparked by cultural factors rather than economics or ideology" and warned, "The West needs to develop a deeper understanding of the religious and philosophical assumptions underlying other civilizations, and the way other nations see their interests, to identify what we have in common." Muslims, in turn, have seen "the clash" as providing recognition and, in some degree, legitimation for the distinctiveness of their own civilization and its independence from the West. That civilizations are meaningful entities accords with the way in which people see and experience reality.

History has not ended. The world is not one. Civilizations unite and divide humankind. The forces making for clashes between civilizations can be contained only if they are recognized. In a "world of different civilizations," as my article concluded, each "will have to learn to coexist with the others." What ultimately counts for people is not political ideology or economic interest. Faith and family, blood and belief, are what people identify with and what they will fight and die for. And that is why the clash of civilizations is replacing the Cold War as the central phenomenon of global politics, and why a civilizational paradigm provides, better than any alternative, a useful starting point for understanding and coping with the changes going on in the world.

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